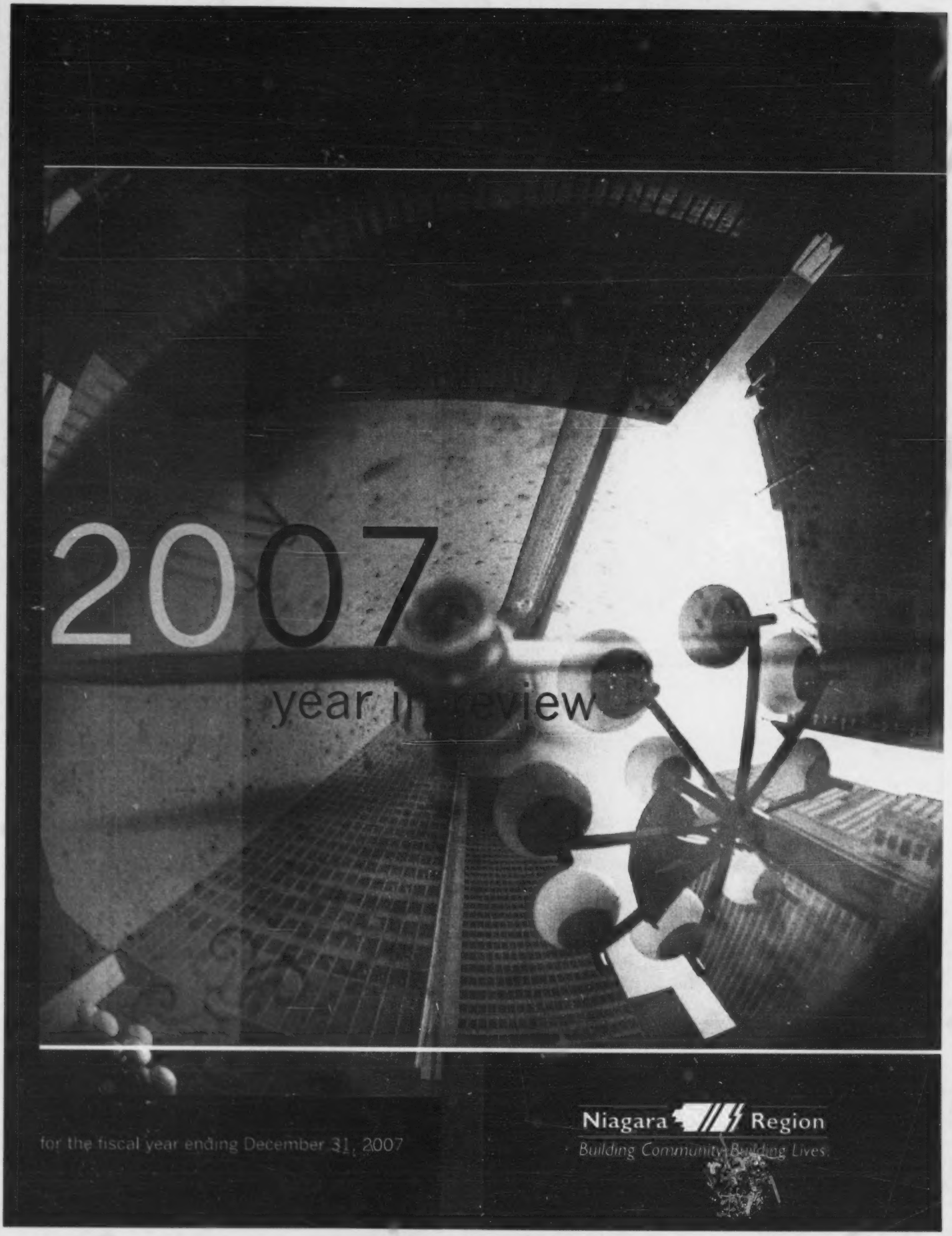
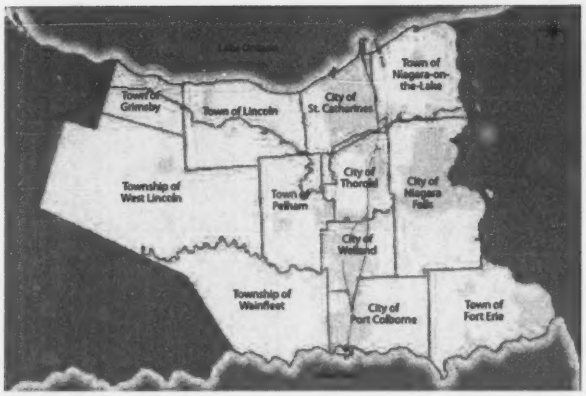


2007 year in review

for the fiscal year ending December 31, 2007

Niagara Region

Building Community, Building Lives.



Vision

Niagara Region is a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow.

Mission

Niagara Region: Building Community. Building Lives.

Niagara Region will serve its residents, businesses and visitors through leadership, partnership and the provision of effective and community focused services.

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Council Business Plan Strategic Objectives 2007 – 2011

A: A Responsive Region

Niagara Region will be known for its effective decision-making, strong partnerships, clear accountability and service excellence.

B: Community and Social Well-Being

Niagara Region will support a safe, healthy, diverse, culturally rich community where people of all ages and incomes enjoy a high quality of life.

C: Economic Prosperity

Niagara Region will become a prime destination for investment and encourage the growth of a diversified and sustainable economic base.

D: Environmental Stewardship

Niagara Region will increase the health and sustainability of its physical infrastructure and natural environment for current and future generations.

E: Integrated Transportation System

Niagara Region will work collaboratively with others to strengthen and coordinate the transportation system and services, and support alternative choices for people and goods to move within and beyond the region.

F: Proactive Marketing and Communications

Niagara Region will have a consistent and compelling message of our interests and needs for the community to be a great place in which to live, study, work, visit and invest.

Niagara Region Awards 2007

Silver Award - Recycling Council of Ontario's
Waste Minimization Awards Waste Diversion Operator Category
received jointly with Niagara Recycling in recognition of the
Glass Recycling System located at the Region's Recycling Centre

Corporation of the Year Award United Way St. Catharines and District
recognizing campaign achievements, sponsorships, volunteerism, corporate and management support and long-standing commitment

Silver Rating from the Leadership in Energy and Environmental Design
for the environmentally friendly and "green" Campbell East headquarters addition

"Platinum" Award Healthy Living Niagara
for efforts in advancing a healthy workplace culture

6th consecutive "Gold" Healthy Living Niagara Workplace Award
for demonstrating an outstanding level of commitment to employee health

Beautification Award from the Town of Fort Erie
Gilmore Lodge Long-term Care Home

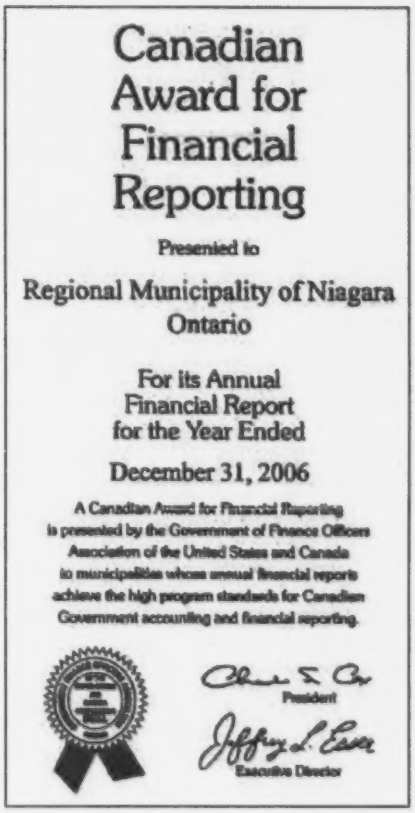
Welland Horticultural Society Merit Award
(for creativity and garden maintenance)
Welland Child Care Centre

Niagara Training and Adjustment Board Youth Leadership Award
Children's Services Division of Community Services

2007 Leadership Award from the Ontario Association of Non-Profit Homes and Services for Seniors
Dominic Ventresca, Director of Seniors Services, Community Services

The Association of Early Childhood Educators, Niagara Branch honoured:
- Pat Smith with the "Children's Services Pin"
- Cooks at each of the five directly operated child care centres with the "Contributors Award"
- Laura Rasmussen with the Award of Excellence

Ontario Fire Marshall Award of Excellence
Nancy Macdonald, Provincial Offences Administration


Canadian Award for Financial Reporting

Presented to

Regional Municipality of Niagara
Ontario

For its Annual
Financial Report
for the Year Ended

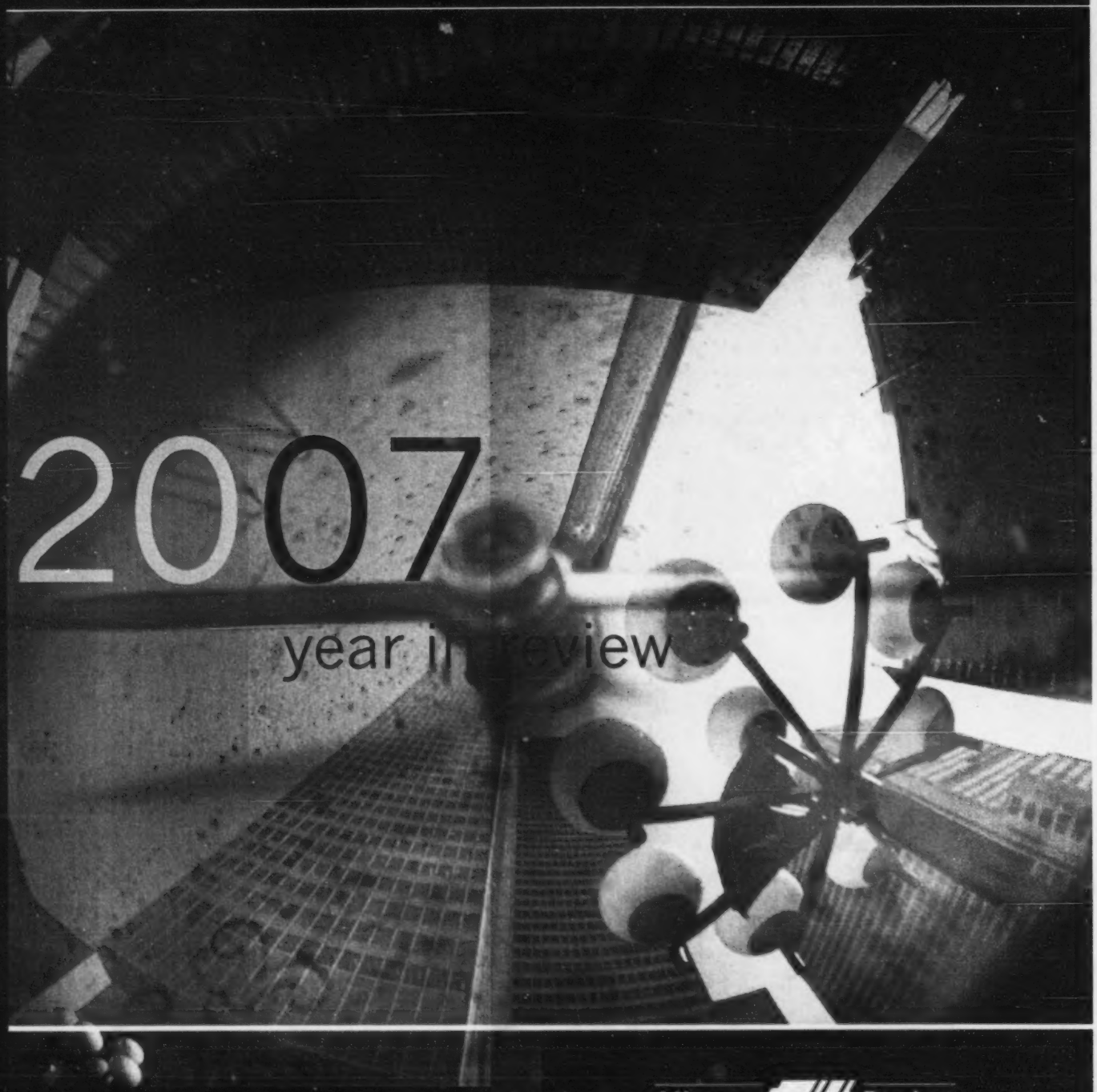
December 31, 2006

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director

For the third year in a row, Niagara Region received the **Canadian Award for Financial Reporting**. A recipient must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should be beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the financial picture, enhance an understanding of financial reporting, and address user needs.



2007 year in review

for the fiscal year ending December 31, 2007

Niagara Region
Building Community. Building Lives.

PREPARED BY THE OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER AND THE CORPORATE SERVICES DEPARTMENT

Regional Council 2007 - 2011

Left to Right Top Row: Tim Rigby, Ronna Katzman, Robert Gabriel, David Lepp, Mark Bylsma, Michael Collins, Bob Saracino, Bruce Timms, Norman Puttick, Barbara Greenwood, and Bill Smeaton

Left to Right Second Row: George Marshall, Judy Casselman, Dave Augustyn, Henry D'Angela, Debbie Zimmerman, Bill Hodgson, Brian Baty and Shirley Cordiner

Left to Right Bottom Row: Damian Goulbourne, Brian McMullan, Vance Badawey, Katie Trombetta, Peter Partington, Barbara Henderson, Ted Salci, Bob Bentley and Gary Burroughs

Absent: Doug Martin, Brian Heit and Cindy Forster

Corporate Management Team

Mike Trojan, Chief Administrative Officer

John Bergsma, Commissioner, Corporate Services

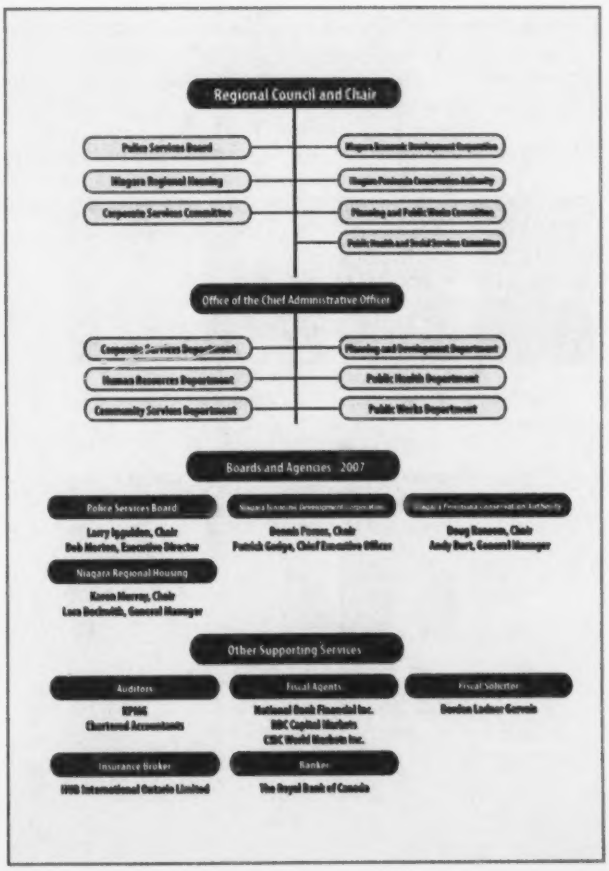
Ken Brothers, Commissioner, Public Works

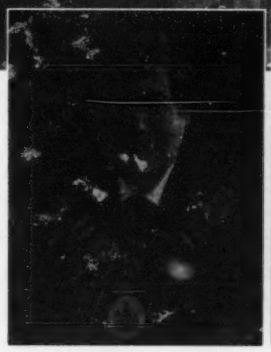
Brian Hutchings, Commissioner, Community Services

John Nicol, Commissioner, Human Resources

Patrick Robson, Acting Co-Commissioner, Planning and Development

Dr. Robin Williams, Medical Officer of Health and Commissioner, Public Health





Message from the Regional Chairman and Chief Administrative Officer

Niagara Region's 2007 Annual Report provides readers with audited financial statements and a summary of significant work undertaken in those 12 months.

We are also pleased to provide details of the 2007 – 2011 Council Business Plan, which was finalized at the end of year. The Council Business Plan allowed the Region to set priorities and determine what actions need to be taken to meet key goals. It sets the direction for the remaining three years of this Regional Council's term. Progress is already being made on several of the key objectives that emerged during the planning sessions, established in consultation with community partners, area municipalities and regional staff. Highlights are provided in this report.

Niagara Region maintained its "AA" credit rating as a result of a "strong operating performance" and "good long-term economic prospects" for the area. The rating also reflects the expectation that Niagara's economy will remain relatively resilient despite downturns in the auto sector, the US economy and tourism, that the Region manages debt and capital expenditures prudently, and the operating budget remains healthy. This sends a positive message to investors that the efforts and accomplishments of Regional Council and our management team continue to support a positive financial outlook for the corporation.

Niagara Regional Council also passed a budget for 2008 that will mean a near zero (0.04 per cent) increase to taxpayers. The combined tax levy and an increase for water, wastewater and waste management services (3.4 per cent) means that an owner of a home, assessed at $190,000 will be billed an additional $20 dollars.

Many of our achievements this past year demonstrate how the Region is positioning the future of our community. Work that supports the Council Business Plan is under way in several areas, with key milestones met in 2007, including:

- The release of an economic analysis of the Niagara to Greater Toronto Area corridor, demonstrating the positive impact this project will have on our region and others in Ontario.

- A joint venture with St. Catharines-based Rankin Construction Inc. in signing a milestone contract with the province to build and operate a first-of-a-kind, commercial-scale wind farm for generating renewable energy in the Township of Wainfleet.

- A mass immunization plan, outlined within the Niagara Region Influenza Pandemic Plan, that was successfully tested to determine its effectiveness in the event of a pandemic.

- A new Glass Recycling System, the first recycling centre to produce a product for retail use by the sandblasting industry, opened in Niagara Falls. This recycling facility is the only one in Ontario that manufactures a finished product from recycled glass for retail.

- The approval of a Memorandum of Understanding for planning healthy, sustainable communities well into the future. This milestone agreement, negotiated under the direction of a Planning Review Committee made up of elected officials from the Region, all area municipalities, and the Niagara Peninsula Conservation Authority, received approval from all partners and Regional Council.

- Community engagement in support of the Niagara 2031 Growth Management Study was undertaken, including a public survey about the future of our community and the launch of an interactive software tool that gives residents an opportunity to contribute to planning decisions and to view the impacts of those decisions from social, environmental and economic perspectives.

- The release of a significant report addressing the impact of poverty on child health to serve as a plan for community action.

Successful meetings with officials, politicians and senior decision-makers at Queen's Park in Toronto and with the federal government in Ottawa presented a focused and unified partnership approach, grounded in the Region's economic strategy, when communicating priority local needs to both orders of government. Each visit raised Niagara's profile. One voice, more than anything else, is a powerful tool when it comes to realizing Niagara's potential both collectively as a region and as 12 individual, unique municipalities.

Peter Partington *Michael Trojan*

Peter Partington
Regional Chairman

Michael Trojan
Chief Administrative Officer

Strategic Objective A: A Responsive Region

Niagara Region will be known for its effective decision-making, strong partnerships, clear accountability and service excellence.

A strong fiscal foundation and a responsible regional government rest upon the efforts of a committed and keen workforce. Key accomplishments related to continuous quality improvement in 2007 are provided here.

- Niagara Region measures its performance in several ways. Notably, the Region participates in the Ontario Municipal Benchmarking Initiative along with 14 other municipalities to ensure common data collection and reporting standards for consistency and comparison across several indicators.

- The OMBI Tangible Capital Assets (TCA) project was a collaboration with the provincial Ministry of Finance to further develop and test a methodology for capital asset accounting in Ontario municipalities. As a pilot site, Niagara's role was to begin the process of implementing the accounting guidelines with the goal of identifying the steps required, the challenges associated with doing so and the lessons learned so that they may be shared through reports to the Ministry of Finance. The Region has become the benchmark for TCA accounting for municipalities as a result of the work accomplished.

- Seniors Services computerized the resident care planning process at all eight long-term care homes. Registered staff was trained on care planning software and applied a rigorous care planning approach, which emphasized consistency in resident assessment and documentation of care. This combination resulted in an increase in provincial revenues through an improved Case Mix Index rating. Accordingly, provincial revenues were increased by over $1 million in recognition of increasing resident care requirements. The additional revenue facilitated plans for an increase in front-line staff to respond to the increasing care needs. This improvement in care and nursing staff was achieved without the need for additional regional levy.

- Seniors Services collaborated with local hospitals, the Community Care Access Centre and other community support service agencies to launch a LHIN-funded Home to Stay Community Support program for older adults who are at risk of hospitalization. Along with the expansions and enhancements to Seniors Community Programs, the Home to Stay program will assist in reducing pressures in the hospitals' emergency departments, on the inappropriate use of acute hospital beds and on the waiting lists for long-term care homes.

- Quality of service continues to be a priority with over 90 per cent of the licensed child care system now completing a developmental screen on each child enrolled, parent surveys are conducted, and Early Childhood Educators continue to maximize their skills through ongoing training and education through the Quality Child Care initiative.

- The Environmental Laboratory underwent an external quality system assessment by the Canadian Association for Environmental Analytical Laboratories (CAEAL) and demonstrates technical competence for a defined scope and the operation of a laboratory quality management system and requires the lab to analyze proficiency testing samples and successfully pass bi-annual assessments. CAEAL accreditation was achieved.

- The National Water and Wastewater Benchmarking Initiative originated in 1997 with only four utility participants. It has grown over the years and now serves as the national standard for water and wastewater utility benchmarking in Canada. Since 1997, the partnership has grown to include approximately 38 of Canada's leading municipalities and regional districts from coast to coast and represents over 60 per cent of the Canadian population. Niagara Region was one of the earlier participants, joining the partnership in 1999. This project was developed in response to a need for Canadian municipal water and wastewater utilities to measure, track and report on their utility performance.

- Staff has used results from previous years to identify and initiate various projects that will assist us with achieving goal attainment under many of the performance measures. An ongoing coagulant optimization study at the Grimsby Water Treatment Plant has identified potential yearly cost savings of approximately $92,000 as a result of Niagara's application of benchmarking methodology.

- Software developed and used by Provincial Offences Administration staff is being used by ten other Ontario municipalities to collect provincial offences delinquent fines and assist in managing court administration functions. The new system has assisted in the successful collection of more than $9 million dollars in delinquent fines since 2001, when this responsibility was downloaded by the province. The download included responsibility for administering in excess of 40,000 offences annually. Niagara has received praise for creating the software and making it available to other municipalities.

Left to right: Peter Partington, Regional Chairman; Mike Trojan, CAO; and Ellen Wodchis, Niagara Region Action Group Co-Chair; receive the Corporation of the Year Award from Frances Hallworth, United Way Executive Director.

Human Resources Department

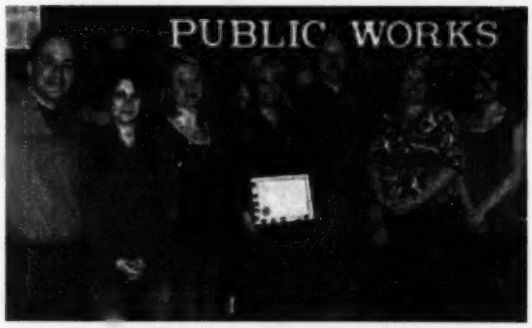
In support of Council's Strategic Objective of being "a responsive region" and "to improve the efficiency and effectiveness", the Human Resources Department initiated a comprehensive review of possible efficiencies through the integration of Payroll and Human Resources administrative services. The project resulted in a new Council-approved service delivery model with process improvement savings of over $50,000 in 2007 and more significant savings projected for 2008-2010.

The Human Resources Department is also dedicated to making the cost of municipal government services more sustainable for taxpayers through ongoing 'shared service agreements' with ten area municipalities, and four agencies and boards (Niagara Economic Development Corporation, Niagara Peninsula Conservation Authority, Niagara Regional Housing and Provincial Offences Administration). The agreements allow staff to provide service and expertise that would not otherwise be readily available and economical to the area municipality. Overall cost avoidance savings realized for our common taxpayer for major initiatives or projects undertaken by Human Resources Department staff in 2007 alone represents some $178,242. The cumulative cost-avoidance savings for 34 major projects from 2000-2007 represents approximately $536,313.

With the goal of continually improving the cost-effectiveness of the services it delivers for all of its customers, Human Resources participated with 112 other organizations across Ontario and Canada, including 14 municipalities, in the 2007 Human Resources Benchmarking Network Annual Survey – a tool used by professionals in the human resources field for measuring their performance and pursuing best practice initiatives. Human Resources also participated in the Ontario Municipal Chief Administrative Officer's Benchmarking Initiative (OMBI) as to the delivery of a range of municipal services, including human resources. The information covering some 16 municipalities identifies best practices and potential opportunities for service efficiency.

"Employee Disability Management" forums were initiated by the Human Resources Department with representation from across all management staff and Union/Association groups to jointly discuss and address corporate lost time challenges. As well, our eight employee group representatives participated with the Human Resources Department in the successful market review of benefit carrier costs, resulting in 2008 employer benefit plan premium savings of $171,904 and employee premium paid cost avoidance of some $1,209,866.

In support of the Region's youth retention strategy, our employment staffing team continued to explore initiatives to retain our youth and new graduates in Niagara and worked diligently with departments to market various careers to high school and college/university students and place students in co-op opportunities. We also continue to develop collaborative strategies for the issues and challenges impacting Niagara and address some of the labour shortages across the region.



The Environmental Laboratory staff worked towards the Canadian Association for Environmental Analytical Laboratories Accreditation.

The Provincial Offences Court staff received a Team Participation Award for their commitment to mediation through leadership and compassion.

Strategic Objective B: Community and Social Well-Being

Niagara Region will support a safe, healthy, diverse, culturally rich community where people of all ages and incomes enjoy a high quality of life.

Supporting the strategic objective of community and social well-being is work performed across various departments and agencies, including public health, planning and development, community services, and Niagara Regional Housing. Combined, key achievements are listed here:

- In September 2007, the Ontario government began its free human papillomavirus (HPV) vaccine program for all grade 8 girls. Public Health provided accurate and timely information to Grade 8 girls and their parents/guardians to help them make an informed decision about this vaccination. Locally, the HPV campaign was an overall success and resulted in one of the highest uptake rates in the province (1,339 eligible grade 8 females).

- Public health inspectors and infectious diseases nurses investigated a foodborne illness outbreak in which nine people were diagnosed with E.coli. 0157:H7 along with another 60 suspected cases. An intensive investigation traced the source of this outbreak to a local food establishment resulting in charges to the owner/operators and temporary closure of the restaurant. Public Health worked closely with the establishment to ensure all requirements were met prior to re-opening.

- In Niagara, approximately 14 per cent of residents, 12.7 per cent of families and 15.6 per cent of children live below the poverty line as defined by the low income cut off. More disturbing is the fact that this rate has been on an upward trend, rising five per cent since 2000. In response to this trend, a report was commissioned with Brock University. "A Legacy of Poverty" was released in 2007, and presented to Regional Council in September 2007. Niagara Region Public Health and Community Services departments are committed to working collaboratively, engaging our community and local politicians to reduce barriers to services, and evaluate the need for new programs.

- Niagara stepped up to the World Record Walk Challenge on October 3, 2007. Over 60 schools, all 12 municipalities, and dozens of workplaces participated. A total of over 2800 walkers participated in this one kilometre walk. In Canada, 231,635 people completed the walk stepping all over Western Australia's record of over 100,000 participants. The overall objective of the event was to recognize that daily walking and active forms of transportation may be part of the solution to the epidemic levels of obesity and the crisis of climate change.

- Think and Drive, a road safety campaign led by the Regional Niagara Road Safety Committee, was launched at St. Paul High School in October 2007 with the help of their school community, representing youngest and newest drivers. This campaign aims to improve safety on our roads by targeting all drivers and road users who live and work throughout the 12 area municipalities.

- On November 20, 2007, in honour of National Child Day, Niagara Region, the Business Education Council, Brock University, Meridian Credit Union, Starbucks Coffee Canada, UNICEF Canada, and the Niagara Peninsula Conversation Authority hosted "Join the Revolution! Go Green." The half-day summit raised social consciousness of the rights of young people and encouraged youth to become environmental ambassadors. Over 250 youth attended and shared ideas on how to make their lives, communities, and schools more environmentally friendly.

- The Niagara Emergency Medical Services fleet got a new look in 2007 to increase fleet visibility on the roadways and to make it safer for both the paramedics and other drivers. As we all work to address road safety, this is a welcomed gain.

- Planning and Development promoted healthier lifestyles by coordinating the creation of a system of recreational trails, including the Greater Niagara Circle Route. This system is a 160-kilometre paved path stretching from Lake Ontario to Lake Erie, following the Welland Canal and Niagara River. In 2007, the second last section of the trail was completed along Erie Beach. Only a small portion of trail remains to be completed along Lakeshore Road in Niagara-on-the-Lake.

- Health Canada provided 100 per cent funding to implement the Social Assistance Participant Smoking Cessation Support Project. The project successfully met all Health Canada objectives and initiated stop smoking support groups with the creation of resources in three languages.

- Seniors Services collaborated with community health care partners and was successful in being approved for funding from the Hamilton Niagara Haldimand Brant Local Health Integrated Network for expansion and enhancements of Seniors Community Programs. Over $600,000 was received to expand or enhance the Adult Day Program, Supportive Housing, Overnight Dementia Care and in-home Alzheimer Respite Care. This funding facilitated the creation of Deer Park Suites supportive housing for 26 individuals in west Niagara.

- Children's Services provided support to more than 14,000 children and 18,000 families in 2007. Services were provided through168 licensed child care centres and family resource centres across Niagara. An additional 553 licensed child care spaces were created, several of which were in partnership with the local school boards, all serving to meet the educational needs of children from birth to 12 years, while supporting parents' employment or education.

Top left: Students from the Niagara Catholic District School Board, New Concepts in Dance Program, highlighted one of the opportunities children can participate in with the help of the Pro Kids subsidized recreational and cultural program

- Income testing was introduced in January, which bases financial eligibility for child care on the Federal Income Tax return. More families can receive child care supports now and is the beginning of a universal service.

- The Ministry of Community and Social Services (MCSS) made changes to the Ontario Disability Support Program (ODSP) in 2006 which required ODSP dependent adults and non-disabled/non-care giving spouses to participate in employment activities as a condition of eligibility. MCSS required that Social Assistance and Employment Opportunities (SAEO) provide employment assistance to ODSP participants. Niagara successfully achieved more than the provincial average of savings in 2007. There are several benefits to providing this service. The investment of employment supports helps to achieve a commitment to reduce child poverty as employment earnings and attachment to the labour force contribute to the economic and social well-being of families in receipt of ODSP.

- The new Ontario Child Benefit was announced in 2007. The implementation of the program will have an impact on the Region's Ontario Municipal Partnership Fund grant. The Ontario Child Benefit program is being created to help lower-income Ontario families provide for their children. The benefit is targeted to families with children under age 18, including those on social assistance. The Ontario Child Benefit will assist parents receiving social assistance to make the transition to work as they would continue to receive income support for their children after beginning to work, should they continue to be a low-income family.

Above: Staff provide public health services via the Health Bus.

Left: Bike Medics.

Below: Tobacco use prevention remained a public health focus.

Staff participated in the World Record Walk 2007.

Niagara Regional Housing

Niagara Regional Housing (NRH) strives to meet the need for safe, affordable housing so that all of Niagara's citizens have the opportunity to live productive, healthy lives. Affordable housing is a critical part of successful communities. Housing stability and affordability relieves pressures that can affect mental health, criminal recidivism, family cohesiveness and job retention. Simply put, it is difficult, if not impossible, to maintain a stable lifestyle without the security of a home.

NRH creates and coordinates housing programs that are designed to address the specific needs of Niagara communities, but must do so while struggling with the challenges of a lengthy waiting list, limited funding and an increasingly diverse clientele. Like many municipalities across Canada, Niagara region has a serious shortage of affordable housing. More than 4500 households, representing more than 8200 individuals, are currently waiting for housing on the NRH Affordable Housing Waiting List. Many of these households will wait for several years until a unit is available. In the meantime, they live in a state of flux, unable to settle into their present circumstances or make plans for the future.

Through partnerships, NRH has been reducing the housing deficiencies in our community. The Canada-Ontario Affordable Housing Program is a partnership between government, non-government, private developers and community agencies and is generating over 340 new affordable housing units. Almost half of these units are now occupied and have brought new vibrance to downtown cores. These new developments are examples of Smart Growth principles - some put a face on vacant lots; others create liveable space over stores; still others contribute to the mixed development that is so important to healthy communities.

The Canada-Ontario Affordable Housing Program has also allowed NRH to introduce "Welcome Home Niagara", a homeownership opportunity for low to mid-income renters, through which NRH supplies down payment assistance in the form of a 5 per cent forgivable loan to qualified renters. In addition to making the dream of homeownership a reality, it allows renters to build equity and invest in the future – both their own and our communities'.

Even with these new programs, however, the lack of adequate affordable housing remains a constant concern. The 2008-2012 Strategic Plan, "Faces and Places of Affordable Housing", outlines key priorities. NRH is committed to improving the framework of housing through:

- Innovative affordable housing solutions
- Environmentally responsive sustainable communities
- Strong partnerships with stakeholders
- Adaptable service-delivery networks.

Despite the challenges, the Strategic Plan provides the framework for innovative and proactive solutions that will benefit those in need of affordable housing – and, through them, the entire region.

Above: Young tenants enjoy recreational programs.

Strategic Objectives C and D:
Economic Prosperity and Environmental Stewardship

C: Niagara Region will become a prime destination for investment and encourage the growth of a diversified and sustainable economic base.

D: Niagara Region will increase the health and sustainability of its physical infrastructure and natural environment for current and future generations.

A Sustainable Future for Niagara

By providing integrated policy direction to Regional Council in areas such as growth management and integration of transportation, agriculture, environmental sustainability, Smarter Niagara, culture, and bi-national planning, the Planning and Development Department facilitates problem-solving on broad based issues to assist Niagara to become more sustainable for future generations.

To help facilitate the achievement of a sustainable future, this past summer, the 12 municipalities, Niagara Region and the Niagara Peninsula Conservation Authority signed a Memorandum of Understanding aimed at encouraging the Region and area municipalities to work together more collaboratively, in the earliest stages of planning initiatives, to resolve any and all concerns of mutual interest. The goal is to have an integrated and seamless planning system that is embraced and easily understood by councils, the public and applicants - one that encourages participation in policy development and application processing.

The Region has set a target of 65 per cent waste diversion by 2012. A study was undertaken to determine how this waste-resource management goal will be met and to ensure adequate financing. From a longer term planning perspective, a Draft Level of Service and Rate Study was completed. The recommended level of service options include:

- diversion service enhancements; and
- behaviour change initiatives/measures to encourage waste reduction, and increase participation in reuse, recycling and composting. Measures may include changes to the waste collection service.

Stakeholder consultation on this study was initiated in 2007 and will continue into 2008.

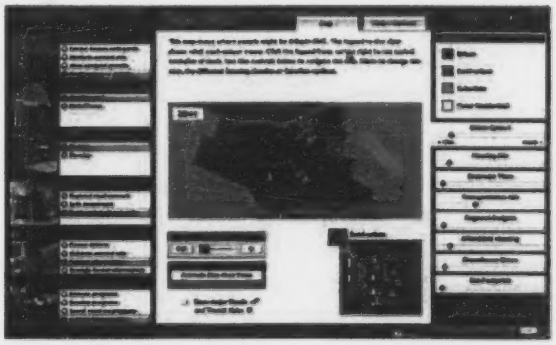
Growth Management Strategy

In 2007, Planning and Development completed Phase 1 of Niagara's Growth Management Strategy: a mechanism to accommodate overall growth directions anticipated by the Places to Grow Plan, the Greenbelt Plan, and the Provincial Policy Statement, among others. The Strategy process includes technical work and community engagement efforts. The Region is committed to a wide-ranging public engagement process on growth management and, in 2007, a number of community initiatives and tools were launched.

- **Defining the starting point for discussion:** In June 2007, residents were surveyed to establish a baseline appreciation of how they see their community in the coming years, including perceptions of growth related topics like downtown redevelopment, transit, Smart Growth and intensification, to name but a few. The survey results provided reliable baseline information from which meaningful dialogue, education and strategic planning can follow.

- **Exploring the issues:** Based on the survey results the Survey Discussion Paper was released to the public and is available on the website.

- **NiagaraQuest:** Following a series of community workshops held through the summer, NiagaraQuest online, an innovative and interactive computer software tool was launched in late November. Niagara citizens were encouraged to access this tool on the website to have their say in the future planning of their communities, from the comfort of their own homes or libraries. NiagaraQuest allows users to take on the role of municipal planner, making decisions that impact land use and other matters. The tool then offers information on the social, environmental and economic implications of those decisions for the community.



The Smarter Niagara Community Design Awards

In their third year, these awards recognize and celebrate excellence in community design. They focus on projects that enhance the built environment, and demonstrate efficient use of land with creativity and vision.

2007 Award Winners

Left to right from top

Small Scale Project
Woodfield Lane, St. Catharines

Large Scale Project
Genesis Court Affordable Housing, St. Catharines

Leadership Award
Phil Ritchie, Keefer Development Inc.

Adaptive Re-Use Award
Riverbend Inn and Vineyard, Niagara-on-the-Lake

Brownfield Award
The Old Winery, Niagara-on-the-Lake

Legacy Award
Len Pennachetti and his team for the revitalization of Jordon Village, Lincoln

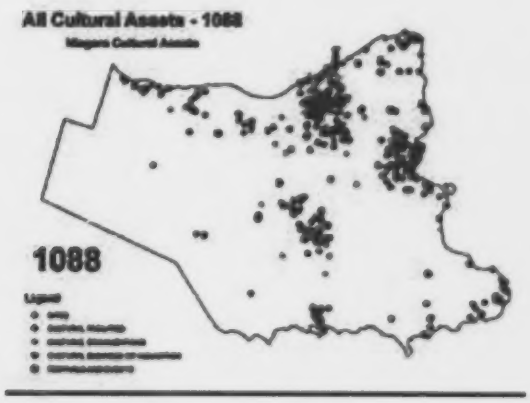
Supporting Agriculture Industry

The Agricultural Task Force, supported by Planning and Development, achieved a significant goal advocated in the 2006 Agricultural Action Plan: to secure senior government support for the revitalization of the Vineland Research Station. In 2007, much of the details of the Vineland Renaissance and Innovation Centre were clarified, and a member of Planning and Development's staff was appointed to the Vineland Stakeholder Advisory Committee to represent the Region.

To address another Agricultural Action Plan priority, Planning worked with other partners and all levels of government to complete an Agricultural Irrigation study. The goal of this study, completed in December 2007, was to prepare a Master Plan for an irrigation system that is financially responsible, technically feasible, environmentally sustainable and subject to a workable management model.

Niagara's Cultural Heritage

In 2005, Niagara Region established the Culture Committee designed to promote arts, heritage and culture. Planning and Development provides resource help to that Committee. The Culture Committee plays an important role in providing Regional Council with advice on a variety or matters or emergent interest to the Region, especially given the importance of culture as one of the four pillars on integrated community sustainability. In 2007, the Culture Committee has furthered their work on the Cultural Plan and provided Regional Council an update on the completion of the first phase of the Cultural Asset Mapping project.



Capturing Immigrant Talent

Niagara Immigrant Employment Council (NIEC) is an alliance of 20 multi-stakeholder organizations dedicated to enhancing the region's diversity and economic prosperity by strengthening its capacity to attract, integrate and retain immigrants coming to Canada. NIEC is in the process of establishing a 17-member multi-stakeholder steering committee that includes key business, community and government leaders.

Water and Wastewater Services

The Water and Wastewater Services Division is responsible for providing potable water satisfying regulations and standards, and distribution to 11 municipal systems; treatment of wastewater including pumping stations and trunk sewers; biosolids (sludge) management; training; capital program management; master servicing plans for water and wastewater systems; flow monitoring and analysis; climatological data; laboratory services; and enforcement of the sewer use bylaw. Significant contributions include:

- **Central Pump Station and Combined Sewer Overflow High Rate Treatment Facility** – The Central Pump Station (CPS) and High Rate Treatment (HRT) Facility is the first full-scale Combined Sewer Overflow (CSO) control vortex high rate treatment facility in Canada. The facility is the largest high rate wet weather treatment facility in Canada designed specifically to meet or exceed stringent Province of Ontario CSO discharge guidelines and is being monitored closely by the Ministry of the Environment and other municipalities. The CPS and HRT are jointly owned by the Niagara Region and the City of Niagara Falls. The entire facility is operated and maintained by Niagara Region.

- **Oxford Atlas Wellington (OAW) Sanitary Sewer Tunnel, Welland** – The construction of a 1790 metre, 1650mm (66 inch) Sanitary Sewer Tunnel was initiated in the area of McMaster Avenue, Major Street and Wellington Street in Welland beginning in January 2007.

- **Drinking Water Quality Management Study** – Following the Walkerton water-borne tragedy, Justice Dennis O'Connor recommended a new approvals framework for drinking water systems. As a result of this recommendation, the Ministry of the Environment established the new Municipal Drinking Water Licensing (MDWL) Program, implemented under the Safe Drinking Water Act (2002), to replace the current approvals program. The MDWL Program requires system owners to incorporate the concept of quality management into their operations.

  Gap analysis and risk assessments for each of the six water systems operated by the Region were the first steps in the implementation of quality management systems. These tasks were initiated in late 2007.

Waste Management

The Region's Waste Management Division is responsible for the planning, design and operation of waste collection and disposal, diversion operations, organics collection and composting, as well as the post-closure maintenance of landfill sites, capital program management, and environmental monitoring and reporting. As such, the majority of the Division's activities relate directly to Regional Council's Objective of Environmental Stewardship. The following represents key initiatives:

- **Glass Recycling System** – Located at the Region's Recycling Centre in Niagara Falls, the Glass Recycling System manufactures a product that can be sold, from the recycled glass collected in the curbside Blue Boxes. The end product, "Niagara Ecoglass" is sold to automotive and industrial industries where it is used as a sandblasting abrasive.

- **Environment Days** – Environment Days (E-Days) offer residents, a no-charge, one-stop convenient location for the proper disposal of household hazardous waste and reusable/recyclable materials. Since the program's inception, more than 13,000 participants have diverted approximately 460,000 kilograms of hazardous, reusable and recyclable materials.

- **Smart Gardening Campaign** – As an initiative of the Public Works and Public Health departments, the primary goal of the Smart Gardening program is to motivate residents, businesses and recreational property owners to implement environmentally friendly lawn and garden practices.

- **Environmental Management System** – The Region is responsible for ensuring compliance of five open landfill sites, nine closed landfill sites, three residential waste drop off depots, one permanent household hazardous waste depot, one organic and two leaf and yard waste composting facilities. These facilities are operated in accordance with 17 Certificates of Approval (CofAs) under the Environmental Protection Act, 16 CofAs under the Ontario Water Resources Act (OWRA), and 17 other permits in addition to the Ministry of the Environment, Ministry of Transportation of Ontario and Niagara Escarpment Commission Regulations outside of the CofAs. In order to properly manage this information, an Environmental Management System (EMS) is being established.

- **Environmental Monitoring Reports** – The purpose is to carry out the necessary monitoring works at the landfill to ensure that each site operates in accordance with the site Certificate of Approval and Ministry of the Environment guidelines.

- **Groundwater Remediation Recycling Centre, Niagara Falls** – Groundwater remediation work continued at the property of the Recycling Centre to address elevated concentrations of volatile organic compounds which exceeded the Ministry of the Environment groundwater criteria. The work involved injecting chemicals into the ground to remediate the contamination with follow-up sampling and analysis to assess effectiveness. The work was funded from a trust fund established by the former property owner.

- **Leachate Collection System Elm Street Landfill Site, Port Colborne** – To ensure that site leachate collection system is protecting the entire landfill property, an extension of the existing system was undertaken. Newly acquired land to the south of the property, which was impacted by buried waste, required the extension of the system to protect abutting property owners. The project also includes a new pump station which replaces an outdated station which has serviced the site for many years.

- **Stormwater Management Project Humberstone Landfill Site, Welland** The stormwater system was expanded to better control storm runoff at this site and to ensure that the captured volume is analyzed prior to discharge into the environment. The project also included the upgrading of the mechanical valves which were deficient from long term use.

Top: Construction of Cell #3 at Niagara Road 12.
Middle: Residential drop-off depot at Niagara Road 12.
Bottom: Compost give away at Niagara Road 12.

Niagara Economic Development Corporation

During 2007, in collaboration with its municipal and economic partners, the Niagara Economic Development Corporation (NEDC) encouraged new investment, economic diversification, employment growth, and international business outreach through its programs and services.

The NEDC expanded its activities to help reposition manufacturing as a vital sector of the regional economy. Team Niagara, a consortium of partners involving senior staff, the cities of St. Catharines, Niagara Falls, Port Colborne, Welland, and the Town of Fort Erie, spearheaded major marketing efforts to create awareness and stimulate business investment in the transportation manufacturing and automotive parts sectors. The partnership launched outbound missions to Japan, South Korea, and the southern U.S. states, hosted business representatives from Japan, South Korea, Germany, and Finland and organized public-private sector participation at gatherings of the Society of Automotive Engineers and the Auto Parts Manufacturing Association in Detroit and Hamilton. A separate project focused on the development of a joint marketing strategy designed to retain, expand, and build a base of advanced manufacturing companies.

The NEDC released the Niagara to GTA Corridor: Opening New Economic Opportunities. This economic impact analysis highlighted direct economic benefits of having an expanded transportation trade corridor to move goods and visitors into and from North American markets. A private sector-led binational stakeholder advisory group provided solid business input to the study team and strongly endorsed recommendations to move this infrastructure project forward to help accelerate development, create jobs, and increase the tax base for both the Niagara-Hamilton region and the province.

To help expand the scope of investments in regional tourism infrastructure, a Niagara Tourism Destination Development Strategy will guide investment and marketing programs in the region's tourism sector. The strategy received international and provincial awards from the International Economic Development Council and the Economic Developers Council of Ontario as the best investment marketing sector study in its class.

To create interest and promote investment in brownfield redevelopment projects, the NEDC initiated a major project to identify, characterize, and provide marketing support for the rehabilitation and renewal of neglected properties or sites. In September, the NEDC and the Niagara Region were formally recognized as finalists in two categories for the Canadian Urban Institute's National Brownie Awards. New investments in advanced manufacturing, tourism, and agribusiness are a direct reflection of the growth and fundamental restructuring that is occurring throughout the Ontario economy to sustain provincial prosperity. The Corporation's participation at consumer and industry trade shows to market Niagara to the business community resulted in strengthened corporate partnerships.

The growth of attractions, restaurants, rural routes and parkways has enhanced Niagara's position as a premiere tourist destination. During 2007, staff from the tourism destination marketing department focused its efforts on developing quality information products. The tourism information website, tourismniagara.com, has the support of over 140 tourism partners and has continued to grow with over one million unique visits to the site during the year.

Comprehensive travel media FAM tours were organized to highlight the region's many attractions. The first-ever Binational Niagara Media Familiarization Tour was held in June, and attracted four travel writers from across the U.S. This resulted in ten articles being published in major U.S. newspapers. Overall, the year saw 50 Niagara-focused stories that have helped position the region's many tourist offerings and reinforce its status as a desirable tourist destination. The value of this form of media coverage alone was estimated to be $4.2 million during 2007.

In collaboration with destination marketing organizations across Niagara and from Brock University, an external grant of $219,000 was secured from the Friends of the Greenbelt Foundation to establish four Greenbelt Discovery Centres and the development of greenbelt-themed tourist itineraries.

The Niagara Week initiative was again a success and included meetings with parliamentarians and senior officials at Queen's Park and Parliament in Ottawa. Each visit has helped raise Niagara's profile and has underscored the priority actions that are required to realize the region's potential for growth and future prosperity.

The NEDC continued to work closely with provincial officials, especially the Ministry of Economic Development and Trade. As a result of a proposal to that ministry, $500,000 was allocated to economic development.

The NEDC continues to facilitate other opportunities that bring together business and community leaders to speak with "one voice" and to keep Niagara's issues alive and at the forefront of government policy and program investment decisions.

Delegations established valuable business connections.

Niagara Peninsula Conservation Authority

Established in 1959, the Niagara Peninsula Conservation Authority (NPCA) serves approximately 500,000 people and covers an area of 2,424 square kilometres encompassing the entire Niagara Region, 21 per cent of the City of Hamilton and 25 per cent of Haldimand County. Programs focus on environmental protection and preservation. Watershed management activities include planning, regulations, water quality monitoring and improvement through stewardship and restoration, community outreach, and conservation through land acquisition and public ownership. These activities are governed by a Board of Directors comprised of 15 members appointed by the member municipalities.

Water Management

The NPCA is committed to providing strong leadership in the wise use and stewardship of our natural resources to achieve and maintain a healthy and sustainable environment. The Authority's Water Management program promotes an integrated approach to resource management and makes up approximately 40 per cent of the Authority's operations.

Program Highlights:

- The Authority commissioned and undertook the generation of floodplain mapping for 20 Mile Creek from Hamilton to Lincoln; 15 and 16 Mile Creek in Lincoln; 2, 4, 6, and 8 Mile Creeks in Niagara- on-the-Lake; and Kraft Drain, Black, Beaver, Miller and Six Mile Creeks in Fort Erie.

- The Clean Water Act was proclaimed in July 2007 and the province appointed Mark Neufeld as the Chair of the Niagara Peninsula Source Protection Committee which is comprised of nine members. The first meeting was held in December.

  The Planning Department experienced a significant increase in applications. Staff reviewed 20 Subdivision Applications, four Secondary Plans, 14 Site Plans, 20 Zoning Bylaws, 11 Official Plans, 54 Consents, 42 Minor Variances, 33 Niagara Escarpment applications, 186 Municipal Building Permit Reviews and the Fort Erie Official Plan. In June, the Authority Board approved the Memorandum of Understanding developed as part of the Region's Planning Review function.

- The Watershed Restoration program is "where the rubber hits the road". In 2007, the Authority, in partnership with landowners and other partners, invested over $1.5 million towards restoration projects. The Authority, with special funding assistance from Ontario Power Generation, continued significant restoration work on the Welland River watershed. A major project undertaken was the E.C. Brown Constructed Wetland, a property purchased from a local farmer. Historically, the property retains water for extended periods due to the low-lying, heavy clay nature of the soil and is prone to extensive flooding. The land was identified as a priority area to restore the site to its historic wetland potential. The project increases wetland coverage in the Welland River by 21 acres signifying a significant increase in wetland coverage as very few wetland areas exist along the main channel of the river and will make a significant contribution to achieving targets outlined in the Authority's Welland River Strategy.

Land Management

The Land Management program is a vital component of the Authority's operations, contributing significantly to the health and well-being of watershed residents and providing an abundance of recreational activities and economic benefits.

Program Highlights:

- Each year, an average of 15,000 raptors passes over Beamer Memorial Conservation Area. Monitoring at this site, a 32 year plus practice, continued. This activity is done in conjunction with the Niagara Peninsula Hawkwatch. The bird trends serve as important biological indicators for ecosystem health as these raptors are top-level predators, occupying large home ranges, inhabiting most ecosystems, and being sensitive to environmental contamination and other human disturbances. The conservation area was recognized along with Willoughby Marsh with a Natural Heritage Area plaque by Carolinian Canada.

- At Ball's Falls the construction of the Centre for Conservation continued. The building is a candidate for LEED designation and once completed will serve as a model to demonstrate conservation initiatives. Its unique design features and day-to-day operations will offer visitors an opportunity to learn about a variety of topics related to conservation, the natural environment and the community's unique cultural elements.

- On April 19, the former Wainfleet Rail Trail was re-named the Gord Harry Conservation Trail in recognition of former Chairman Gord Harry. A ribbon cutting ceremony was attended by over 300 people. The trail is well used by cyclists, hikers and equestrians.

- The Ontario Trillium Foundation (OTF) compiled a documentary and included the restoration project at Morgan's Point in the production. In addition, the OTF recognized the Wainfleet Lions Club and the Conservation Authority with a "Great Grants Award" for the restoration work at Morgan's Point. Lion's International magazine also featured a story on the partnership efforts that helped to bring this project to fruition. The conservation area is well used by residents and visitors and members of the Lion's Club continue to assist the Authority with ongoing maintenance.

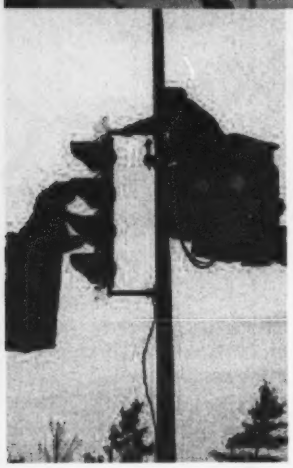
- The 36 conservation areas continue to provide the public with opportunities for recreational activities such as hiking, biking, camping, swimming, kayaking fishing and hunting. Several capital projects were completed offering visitors improved amenities.

Community Relations

Outreach programs are an important part of the Authority's success.

Program Highlights:

- The Authority produced a Native Plant Guide to promote the benefits of gardening with native plants.
- The Yellow Fish Road program continued with the support of all the watershed municipalities.
- The Eco School enjoyed participation from 29 schools. There are many environmental benefits derived through this program. The key principle is the strong linkage with water quality/habitat improvement, leading to an increased awareness and respect for the environment based on the "in-field" experience.
- A Public Day was added as part of the Niagara Children's Water Festival. The event took place at Ball's Falls Conservation Area on September 16 with an estimated 4,000 people in attendance.
- Over 5, 000 grade 3 and 4 students attended the 5th annual Water Festival which is a partnership of the Niagara Peninsula Conservation Authority, the Niagara Region, City of St. Catharines and Ontario Power Generation.
- Over 300 volunteers were recognized at the annual Conservation Achievement Awards reception.



Strategic Objective E: Integrated Transportation System

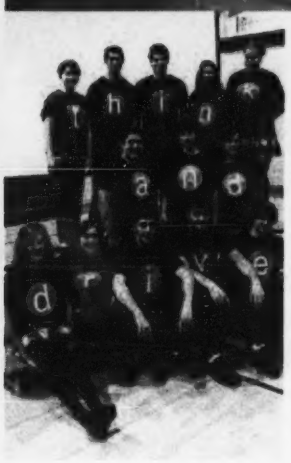
Niagara Region will work collaboratively with others to strengthen and coordinate the transportation system and services, and support alternative choices for people and goods to move within and beyond the region.

The Transportation Services Division is responsible for the planning, design operation and maintenance of the regional road network: 1,600 lane kilometres connect both rural and urban centres to each other as well as to the provincial highway system. As such, Transportation Services' mandate supported and worked to achieve the objective in 2007, in the following ways:

- Completed the rehabilitation of Regional Road 83 (Carlton Street) in St. Catharines. The rehabilitation of Carlton Street between Ontario Street and Welland Canal Parkway has been undertaken as part of a multi-year, multi-phase assignment.
- Reconstructed Regional Road 87 (Lakeshore Road) between the Welland Canal and Read Road in St. Catharines. This is an important link on the Region's Bicycle network, Waterfront Trail and Greater Circle Route.
- Reconstructed Regional Road 27 (River Road) in Wainfleet, west of the railroad tracks.
- Continued its ongoing program of adding road bicycle facilities (reserved lanes or paved shoulders) as regional roads are reconstructed or rehabilitated.
- Worked closely with Ministry of Transportation on details relating to the construction and widening of the QEW through St. Catharines.
- Expanded the inter-municipal service offered by Niagara Specialized Transit to include trips for eligible riders to places of employment and educational institutions.
- Participated in the Niagara to Greater Toronto Area Corridor Planning and Environmental Assessment Study initiated by the Ministry of Transportation.

For persons with low income without adequate transportation, travelling to other municipalities within Niagara for work can pose a challenge. To address this, the Niagara Job Bus initiative, a partnership project involving collaboration between three levels of government across the 12 Niagara municipalities, provides direct, daily, roundtrip transportation for social assistance recipients to employers. As a result of the Niagara Job Bus, over 75 Ontario Works participants secured employment outside of the community in which they live.

Specialized transit celebrates its first year anniversary.



Strategic Objective F:
Proactive Marketing and Communication

Niagara Region will have a consistent and compelling message of its interests and needs for the community to be a great place in which to live, study, work, visit, and invest.

Social marketing, community consultation and outreach, behaviour change strategies, education/awareness campaigns, resource development, media relations and promotion of services remained key elements of the majority of activities and initiatives throughout 2007. They focus on marketing efforts to motivate individuals to make personal behaviour changes, establishing environmental supports and policies that make it easy for people, and education. Partnering with community agencies, schools, health care institutions, organizations, and local municipalities is a priority for success. Significant campaigns were launched, or sustained, to improve population health, the quality of our environment and introduce new services, including, to name a few:

- Obesity Prevention Strategy
- Think and Drive Campaign
- Specialized Transit
- Child and family health
- Recycling and organics collection
- Composting
- Smart Gardening techniques and practices.

Throughout 2007, Waste Management Services worked to achieve Council's objective of proactive marketing communications by attending or participating in more than 130 social marketing-based events and activities, reaching thousands of residents and visitors.

Web based applications and social media communications were tested and evaluated by Public Health through the launch of E! HealthBytes, an electronic newsletter, read by over 900 residents. It's a free, fast, cost-efficient and environmentally friendly way to share current public health information.

NiagaraInfoDine was officially launched in March 2007. This on-line food disclosure system is designed to improve food safety standards, reduce the risk of foodborne illness, and raise consumer awareness of food safety. It has proven to be a popular on-line service.

The Niagara Region Immigration Portal will link to newcomer services across the 12 municipalities. The result will be the creation of an essential component of single point access to information and services on the internet for newcomers choosing Niagara as their new home.

Niagara TREKZONE Challenge recruited 380 residents to focus on healthy eating and physical activity. TREKZONE is about daily physical activity, healthy eating, and building neighbourhoods that make it easy to eat right and be active where you live, learn, work, and play.

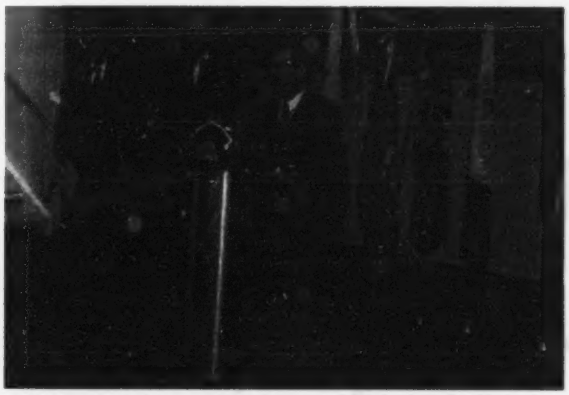
Public Liaison Committees (PLCs) and Citizen Liaison Committees (CLCs) are an integral part of informing and seeking input from the public regarding landfill operations. PLCs or CLCs have been established for the Line 5, Humberstone, Elm Street, and Niagara Road 12 Landfills and the former Glenridge Landfill, now referred to as the Glenridge Quarry Naturalization Site. While membership varies between each PLC, generally they are made up of local residents and businesses, aldermen, municipal and Regional Councillors, local area municipal staff, a representative from the Ministry of the Environment and one from Compost Management Associates Ltd. for the Elm Street Landfill.

The Waste Management Advisory Committee, an advisory committee to Regional Council, is comprised of 16 residents representing a wide cross-section of background and experience. It provides a collaborative mechanism for community representatives to liaise with the Region regarding the implementation of the waste management system. The committee has two key functions:

- providing advice on the selection and implementation of solid waste management programs, and participating in the review of significant new waste management technologies; and
- assisting staff in promoting public awareness and involvement in the implementation of waste management programs and the development of new facilities.

The "It Takes Three" campaign was developed to encourage residents, who weren't already doing so, to use all three of the Region's recycling programs (Blue and Grey Box, and Green Bin), by offering a reward. It also rewarded residents that were already participating in all three recycling programs.

Participation of over 40 youth in "School Bus 44" street marketing event. Led by the local youth advocacy peer group REACT (Resist, Expose, and Challenge Tobacco) the event highlighted that tobacco-related products kill 44 Ontarians each day – ironically, 44 youth fit on a school bus.



Above: Regional Chairman Peter Partington, Community Services Commissioner Brian Hutchings and the Honourable Jim Bradley attended the announcement of the Immigration Portal, sponsored by the provincial Ministry of Citizenship and Immigration at Regional Headquarters on July 27, 2007.

Top left: Students participated in the Think and Drive Campaign launch.

Niagara Regional Police Service

The Niagara Regional Police Service (NRPS) implemented its 2007-2009 Business Plan this past year. It was developed following a series of external and internal processes, including a series of consultations and focus groups, surveys and a socio-demographic analysis. Information captured from these sources was carefully analyzed and clear priorities emerged. The 2007-2009 Business Plan is a departure in format from previous plans. Its foundation is set in four high-level goals from which the requisite operational objectives and performance indicators are derived. These goals embody a commitment to responsibility, as well as a continued direction toward expanded organizational growth and development. They are:

- Improve service delivery in police operations.
- Enhance public safety.
- Optimize effective resource management.
- Advance organizational development.

Special Enforcement and Traffic Management

The NRPS realized a number of accomplishments related to road safety and traffic management. This year saw the implementation of the newly formed Special Enforcement Unit (SEU). This unit is comprised of two sergeants and twenty patrol officers. Part of the mandate of this new unit is enforcement of various traffic initiatives in problem areas throughout the region. SEU officers received considerable specialized training to further assist the various Emergency Services Units as needed throughout the year. SEU officers were training in speed management as both radar and lidar operators. Members of SEU were also trained as Intoxilyzer Technicians and Traffic Level II Collision Investigators enabling them to better assist the Collision Reconstruction Unit. The enhanced R.I.D.E. program was also managed and enforced by SEU with both on-duty and overtime SEU officers taking part.

Marijuana Grow Operations

2007 was the first year the Guns, Gangs, Grows Unit was operational for the entire year. The year proved to be successful and very productive year for this Unit. At the start of 2007 the Unit continued to educate the individual municipalities of the dangers associated to Marihuana Grow Operations and the legislative responsibilities of the police and the involved municipality as set out in Bill 128 the previous year. Protocols with community partners that included hydro authorities and fire departments were established.

The five member Unit was involved in just under 100 marihuana grow operations investigations. Of these, 54 investigations yielded marihuana plants. A total of 18,900 plants were seized having an estimated value of $18,557,850. An additional $618,327 worth of marihuana growing equipment was seized.

Integrated Guns and Gangs Enforcement Unit

The Integrated Guns and Gangs Enforcement Unit is a Joint Forces Operation involving officers from the Niagara Regional Police Service, the Halton Regional Police Service, the Brantford Police Service and the Hamilton Police Service. This project was made possible by a grant from the Ministry of Community Safety and Correctional Services.

The Unit was involved in numerous investigations in all of the involved regions. Specific to the Niagara Region, the Integrated Guns and Gangs Enforcement Unit along with the Guns, Gangs, Grows Unit conducted intelligence initiatives and investigations into several of the criminal groups and their members.

As a result of the investigations that have been conducted, police have identified that the Adult Entertainment industry is being used as a revenue-generating machine for a large percentage of these individuals. To date, in co-operation with the Niagara Regional Police Morality Unit and investigators from other services, police have arrested and charged nine female adult entertainers with several criminal offences including communicating for the purpose of prostitution and possession of controlled substances.

The Unit has been involved in the arrests of 28 people, which resulted in over 100 criminal charges being laid. It was also involved with the seizure of over one kilogram of cocaine, over 60 pounds of marihuana and the seizure of other controlled substances. A total of six firearms were seized along with several thousand rounds of ammunition and other assorted prohibited weapons. The Unit was also involved in the seizure of four vehicles and approximately $80,000 in currency that is believed to be the proceeds of crime.

Top left: A Niagara Region Tartan was adopted by the NRPS. The tartan colours, adapted from the Regional Coat of Arms and Niagara Regional Police Crest, were woven into a perfectly balanced design.

Provincial Offences Administration

In 2001, as part of a realignment of provincial and municipal roles in the delivery of public services, the province transferred responsibility for administering and prosecuting Provincial Offences Act offences to the Niagara Region. This transfer was supported by all local municipalities and, ever since, the Region has provided this service on their behalf. At the same time, a Joint Board of Management made up of representatives from municipalities was created to exercise oversight responsibilities.

The primary purpose of the Provincial Offences Act (POA) program is to provide a fair, timely and accessible adjudication system that facilitates the health and safety of all those that live in, and visit, Niagara. To that end, the POA program administers, prosecutes, and collects fines arising from offences committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor Licence Act and other municipal, provincial and federal legislation. It operates three permanent provincial offences courts in St. Catharines, Niagara Falls and Welland and one satellite court (operated one day a month) in Fort Erie.

Recognizing Our Employees: The CERT Awards

Through the Corporate Employee Recognition Team Committee (CERT), Human Resources makes a special practice of assisting in the promotion of a corporate recognition culture. CERT marked its 10th anniversary in 2007, continuing the practice of celebrating employee length of service and excellence in several categories. One hundred and fourteen employees received 'Recognition of Excellence Awards' after being nominated by their peers: five for Customer Service; two for Innovation; five for Leadership; and 102 for Team Participation. Eighteen staff received "Regional Stars", which recognize specific individual acts that go "above and beyond" job responsibilities.

A total of 465 employees received 'Length of Service Awards' for reaching the following milestones in years of service: 170 for five years, 29 for ten years, 91 for 15 years, 86 for 20 years, 36 for 25 years, 31 for 30 years, 18 for 35 years and four for 40 years.

From left to right: Karen Hall received a Customer Service award. She enthusiastically covers absences, trains new staff, and is always eager to help others despite her busy schedule.

The Fairhaven Stroke Specialized Adult Day Service Staff received the excellence award for Team Participation. The enthusiasm and flexibility these staff members demonstrate has led to wonderful partnerships to support stroke survivors.

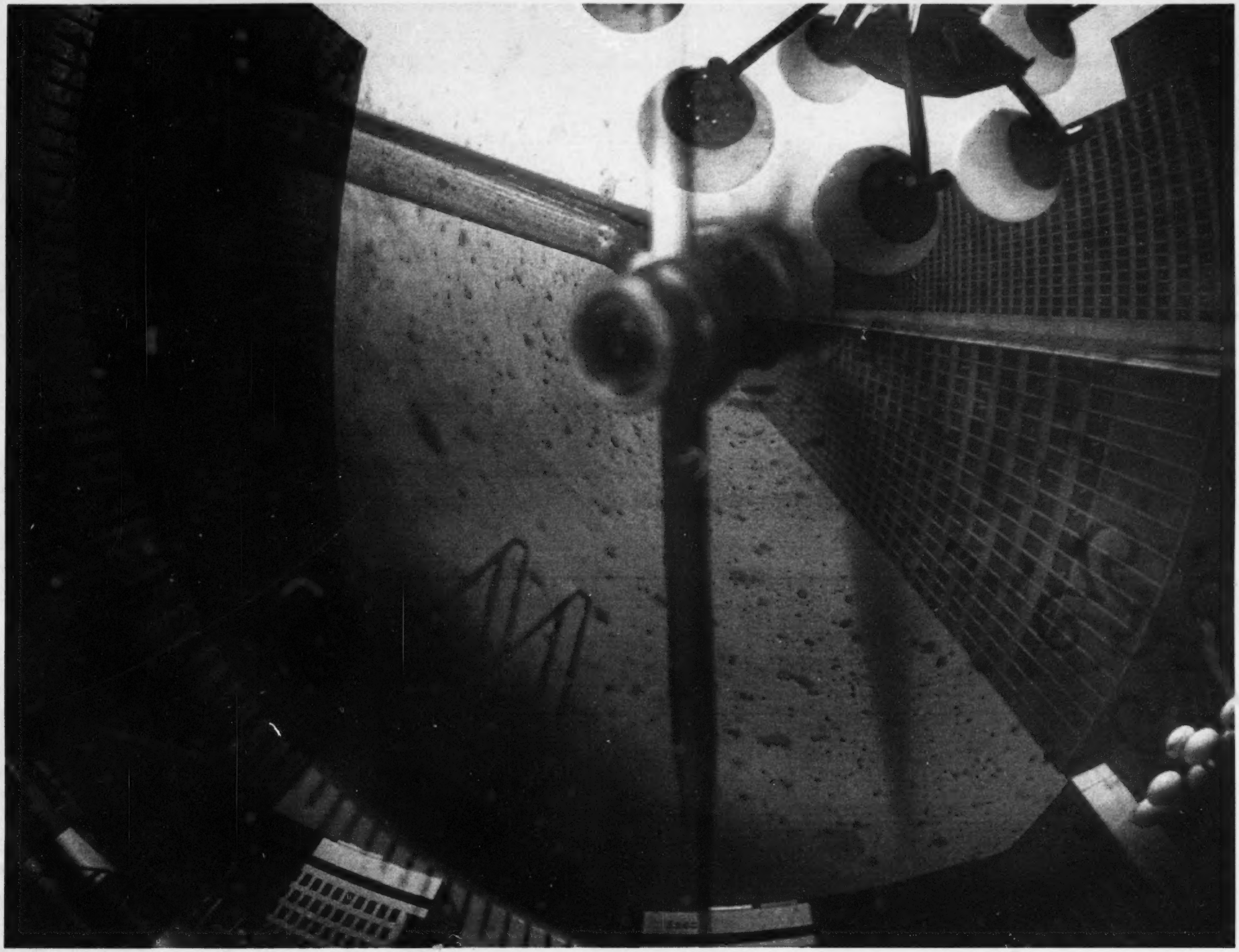
Nancy Macdonald received a Leadership award for her contributions to fire protection and prevention in Niagara Falls. Her dedication and enthusiasm have helped bring charges against more violators of the Fire Protection and Prevention Act than anyone else in Ontario.

Brenda Desjardins received the Leadership award for implementing the Playground Activity Leaders in Schools (PALS). Her passion, dedication and drive are allowing student PALS leaders to learn responsibility and develop valuable life skills.

The Pandemic Planning Writing Team was nominated for Team Participation in recognition of their collective efforts to set out a comprehensive region-wide approach to health preparedness and response planning.

Corporate Values

Employees exemplify the five core values.



Financial Statements Section

07
financial year in review

- Report From the Treasurer
- Consolidated Financial Statements
- Trust Funds Financial Statements

Report from the Treasurer

It is with pleasure that I present the Annual Report of the Regional Municipality of Niagara. This report provides financial results for the year ended December 31, 2007.

The purpose of the Treasurer's Report is to analyze and comment on the key details of the financial information contained in the 2007 audited consolidated financial statements. Ongoing financial practices, budgetary initiatives, and financial performance related to the delivery of the Region's programs and services are highlighted. This report, together with the accompanying financial statements, allows the reader to assess Niagara Region's financial activities and resources.

Economic Overview

Unemployment Rate

Nationally, the unemployment rate decreased to 6.0% from 6.3% in 2006. The regional unemployment rate increased from 6.4% to 6.8%. Niagara Region's Ontario Works income support caseloads have increased 3% to an average of 7,242 cases per month. Influencing factors are a combination of the local labour market trends and legislative changes.

Building Permit Values and Housing Starts

The total value of building permits issued decreased slightly by 0.2% to $577.1 million. Building permit values in the commercial sector experienced a strong increase of 76.1% mainly in Niagara Falls. The remaining sectors residential, industrial and institutional decreased, 4.9%, 23.4% and 69.6% respectively.

The number of residential housing starts in the St. Catharines-Niagara Census Metropolitan Area (CMA) was 1,149 units or a decline of 11.2% compared to levels reached in 2006. This represents the third consecutive annual decline in starts in Niagara. The decline was experienced in both the single (8.6%) and multiple (16.6%) segments. Demand decreased due to an abundant resale market, and fewer baby-boomers and pre-retirees moving from Toronto and Hamilton.

The resale home market in the St. Catharines-Niagara CMA had a strong year in 2007 with sales increasing by 3%. Demand for resale homes was driven by affordable mortgage carrying costs, more choice in the resale market, and the lower prices of resale homes when compared to new homes.

Sluggish U.S. economic growth is forecasted to further mute economic and housing activity in St. Catharines-Niagara.

Tourism

A $100 million Niagara Convention and Civic Centre has been approved. It is expected to bolster the off-season for traditional tourism as conventions are typically held in the September-to-May period thereby increasing year-round tourism and creating additional employment.

Welland Canal

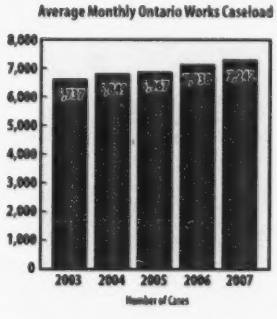
The Welland Canal opened on March 20, setting a record for the earliest opening date. The St. Lawrence Seaway Management Corporation (SLSMC) has the capacity to increase cargo volume by 60%. This additional capacity provides opportunities for business to avoid clogged land-based arteries, improve energy consumption and greenhouse gas emission performance. Cargo volumes decreased 6.6% in 2007 with a total of 34.9 million tonnes of grain, iron ore, coal and other cargo traveling through the canal. In total, 3,671 vessel transits occurred in 2007, virtually unchanged from 3,673 in 2006.

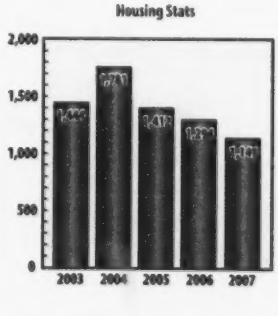
Power Generation

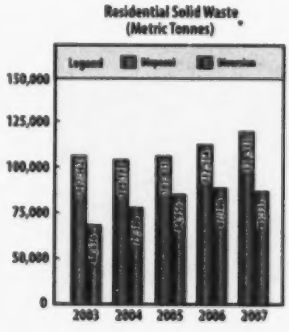
Several renewable energy initiatives are actively being pursued in Niagara Region.

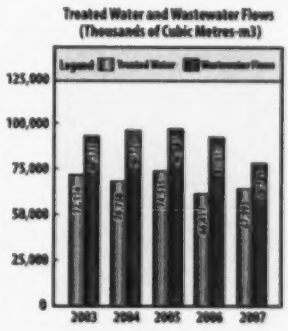
Niagara Region and Rankin Construction Inc. have signed a contract with Ontario Power Authority to build and operate a first-of-a-kind commercial-scale wind farm in Niagara for generating renewable energy. The $23 million project will be along the Lake Erie shoreline in Wainfleet. At peak capacity it will provide up to 10 megawatts of electricity or enough to power 3,500 homes.

The St. Lawrence Seaway Management Corporation and Rankin Renewable Power Inc. will be developing three "green" hydropower projects along the Welland Canal. Rankin will construct and operate the three turbines, to be located at the weirs adjacent to Locks 1, 2, and 3. Each turbine is capable of generating two megawatts of electricity or enough energy to power nearly 5,000 homes. Power generated will be distributed for use in the provincial grid.





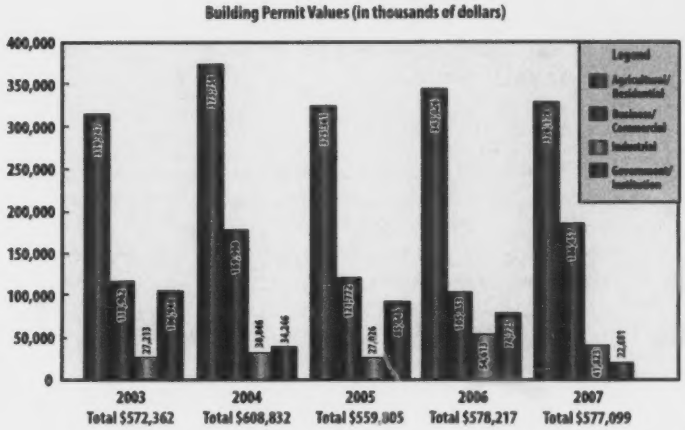




Data referenced from 5 Year Statistical Section.

Report from the Treasurer

Construction has begun on the $500 million Northland Power Inc. and Abitibi-Bowater natural gas-fired co-generation plant. The 265 megawatt facility will be able to generate enough electricity to provide power to approximately 100,000 homes. Supply of electricity is expected to start in 2009.

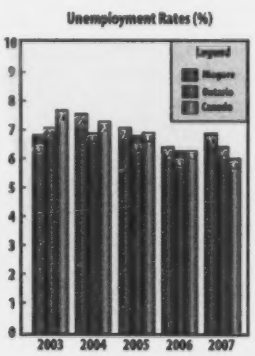


In September of 2005, Ontario Power Generation began construction on its $985 million Niagara Tunnel Project. It was expected to be completed in 2009, however due to difficult rock conditions, completion is now estimated in 2011. Ontario taxpayers will not be subject to price overruns as design-build contract was for a fixed price. Once completed, the Beck complex will be able to produce enough extra energy to power a city twice the size of Niagara Falls or 160,000 average homes. On average the project is expected to employ 230 workers with up to 350 workers at peak activity.

Bond Rating

Standard & Poor's reaffirmed the Region's financial strengths upholding Niagara's "AA" credit rating. Based upon the firm's review, Niagara's major strengths were identified as:

- Low debt burden and good liquidity;
- Strong operating performance;
- Certain lasting economic advantages;
- Good long-term economic prospects.



2007 Financial Results

The accompanying financial statements reflect the Region's policies governing its financial management and control, an independent audit of its operations, and the results of Council's approved levels of expenditures for the year 2007.

Budget Process

The Municipal Act of Ontario requires Regional Council to establish estimates of its expenditures each year. This requirement is satisfied through a budget process which results in the establishment of annual current and capital expenditures and the setting of a multi-year capital forecast. The process is overseen by a Budget Review Committee of the Whole and is initiated in July of each year with a Regional Council guideline-setting exercise. It culminates with approved current and capital budgets and a Regional levy upon the Area Municipalities, in the form of Regional tax rates on the various classes of properties.

Financial Management and Control

The Region manages its financial affairs through the application of approved policies and procedures designed to meet or exceed the relevant Provincial standards and accounting principles. Formal reporting of expenditures against budget is provided to operating units on a periodic basis to prevent budget overruns and ensure accountability. The overall integrity of financial management and control is ensured through an independent auditing process undertaken each year. Regional Council is assured of this integrity through an appointed Audit Committee, as well as through scheduled periodic reporting of financial activities to the Province. The financial results of the fiscal year including the "Municipal Performance Measurement Program" measures are reported in the annual Financial Information Return which is provided to the Provincial Government and also made available to the public.

Financial Statements

As required by the Municipal Act, the financial statements contained in this report have been prepared in accordance with the generally accepted accounting principles for Ontario municipalities. Generally accepted accounting principles are derived primarily from three sources including the standards set by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, the standards issued by the Canadian Institute of Chartered Accountants contained in the CICA Handbook, and the Municipal Financial Reporting Handbook, (a set of reporting guidelines issued by the Ontario Ministry of Municipal Affairs, for application by municipalities and their local boards).

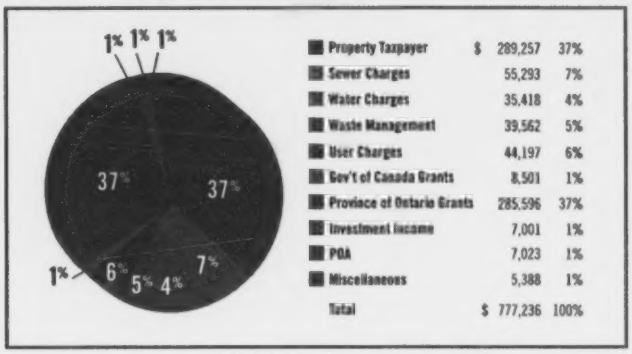
The Region's management is responsible for the preparation of the financial statements, and for the integrity and objectivity of the financial information contained in those statements.

External Audit

The Municipal Act of Ontario requires the Region to engage independent auditors to express an opinion as to whether the Region's financial statements present fairly in all material respects, the Region's financial position and operating results.

In discharging this duty, the auditors are given full access to all Regional records and meet periodically with staff to discuss matters arising from the audit or from new policies and procedures. As part of the annual audit, the auditors provide an "Audit Findings Report" dealing with the results of the audit, a written "Audit Management Letter" dealing with the adequacy of the internal financial control system, as well as an audit opinion on the results of the financial statement audit. The Audit Findings Report, management's responses to the Auditors' Management Letter, the audit opinion and the Region's annual Financial Statements, are reviewed and approved by the Audit Committee established by Regional Coun

Current Revenues (in thousands of dollars)



Property Taxpayer	$	289,257	37%
Sewer Charges		55,293	7%
Water Charges		35,418	4%
Waste Management		39,562	5%
User Charges		44,197	6%
Gov't of Canada Grants		8,501	1%
Province of Ontario Grants		285,596	37%
Investment Income		7,001	1%
POA		7,023	1%
Miscellaneous		5,388	1%
Total	$	777,236	100%

Audit Committee

Regional Council has established an Audit Committee which is responsible for ensuring, on behalf of the Corporate Services Committee and Council, that:

- The information contained in the Region's financial statements, Annual Report and other financial publications is not significantly erroneous, misleading or incomplete;
- The Region has implemented appropriate systems of internal control over financial reporting and that these are operating effectively;
- The Region has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;
- The external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Audit Committee has been addressed; and
- The Region's annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to Council whether the annual financial statements should be approved.

Investment Policy

Investments of funds not currently being used are made in accordance with the Council-approved investment policy. That policy is reviewed and approved annually. It has as its main objectives the preservation of capital, maintenance of liquidity and competitive yield. The Region's investment policy meets all the requirements of the various pieces of legislation that govern municipal investments. In 2007, the strategy resulted in interest income amounting to $14.1 million from an average rate of return of 4.85%. In general, the Region is in a net investing position.

2007 Current Fund Operations

Current Revenues

Actual Operating Revenues for 2007 totaled $777.2 million compared to $738.3 million in 2006 which represents an increase of 5.3% or $38.9 million. Funding for Regional services comes primarily from Property Taxes and Self-supported services in addition to Provincial Grants.

Property Taxes and Self-supported services

In 2007, taxpayers contributed $419.5 million in the form of tax rates levied against the seven classes of property plus charges imposed on a "user pay" basis for services such as Water, Wastewater and Waste Management. Within this total amount, revenues received from Property Taxes amounted to $289.2 million in 2007, an increase of 3.8%, and consisted of $270.0 million obtained from the Levy, $4.8 million from Supplemental Taxes and $14.4 million from Payments-In-Lieu. Regarding "user pay" charges for self-supporting services, these totaled $130.3 million. Specifically, proceeds for Water generated $35.4 million, a 10.9% increase, while charges for Wastewater and Waste Management generated $55.3 million and $39.6 million respectively.

Regarding other current revenues, the Region's general User Charges rose by $1.6 million to a total of $44.2 million in 2007 while Investment Income earned was up $1.7 million to $7.0 million. Fines related to enforcement of the Provincial Offences Act equaled $7.0 million, an increase of $1.53 million or 27.9% greater than that received in 2006, and Miscellaneous proceeds totaled $5.4 million.

As noted earlier, the Net Regional Tax Levy amounted to $270.0 million for 2007 which represents an increase of $9.0 million, or 3.6%, over the approved 2006 levy. However, after taking into consideration the impact of assessment growth of 1.3%, the net tax levy burden increase for all Regional services in 2007 was 2.3%.

Provincial and Federal Funding

Provincial grants consist of conditional and unconditional grants. Conditional grants totaling $273.53 million in 2007 were provided for specific programs such as Ontario Works $179.3 million, Seniors Programs $36.5 million, Children's Services $22.5 million, Public Health $17.2 million, Land Ambulance $10.6 million, Police $3.0 million, Environmental Services specifically for Recycling $1.7 million, Social Housing $1.7 million, General Government $572 thousand and Transit $465 thousand.

In addition, the province provides the Niagara Region with an Unconditional grant now called the Ontario Municipal Partnership Fund (OMPF) which replaces the prior-named Community Reinvestment Fund. The original grant was intended to offset additional costs due to the downloading of various services to the Region that were previously assumed by the Provincial Government, whereas its replacement (the OMPF), mitigates the effect of Social Assistance costs. The $8.34 million amount paid in 2007 under the OMPF program represents a decrease of $871 thousand from

Report from the Treasurer

Current Expenditures (in thousands of dollars)

General Government	$ 20,540	3%
Protection To Persons & Property	123,487	18%
Transportation Services	30,512	4%
Environmental Services	82,877	12%
Health Services	52,098	8%
Social & Family Services	328,782	48%
Social Housing	43,321	6%
Planning & Development	5,357	1%
Recreation & Cultural Services	0	0%
Total	$ 686,974	100%

the $9.2 million paid in the previous year. In 2005, the Ministry of Housing introduced a separate subsidy specifically for Ambulance Dispatch and in 2007 this amounted to $3.73 million. Lastly, grants received from the Government of Canada remained stable at approximately $8.5 million in 2007.

Current Expenditures

In 2007, Regional Government's Operating Expenditures totalled $687.0 million which was $50.2 million or 7.9% higher than the $636.8 million expended in 2006.

General Government, etc.

General Government expenditures, which include costs of $5.1 million for Niagara Region's share of the Municipal Property Assessment Corporation, equaled $20.5 million. Services provided for Planning and Development totaled $5.4 million.

Protection to Persons and Property

Expenditures to provide Police Services, Conservation, Emergency Measures and Provincial Offences Act (POA) Court Administration totalled $123.5 million, an increase of $6.3 million or 5.4% when compared to 2006. The largest dollar increase was experienced by Police Services at $4.9 million or a change of 4.6% to a total of $113.1 million on the year while POA expenditures increased by $1 million to $5.6 million in 2007. POA is a procedural law for administering and prosecuting Provincial Offences including those committed under the Highway Traffic Act, the Compulsory Automobile Insurance Act, the Trespass to Property Act, the Liquor Licence Act and other provincial legislation, municipal by-laws and some minor federal offences. Conservation expenditures from year-to-year rose by $310 thousand to $3.6 million and Emergency Measures Services by $14 thousand to stand at $1.14 million and Fire Coordination totalled $13 thousand.

Transportation Services

Transportation services expenditures, which relate to Roads Maintenance and Winter Control on approximately 799 centreline kilometers of roadways which the Region maintains, increased 11.6% from 2006 to a total of $30.5 million in 2007. Roadways dropped by $260 thousand to $21.4 million, Winter Control was up significantly by $2.9 million to $8.1 million and Other expenditures increased by $172 thousand to equal $377 thousand. New Regional Transit services expanded in 2006 with associated costs up by $415 thousand to a total of $600,000.

Environmental Services

The Region is responsible for environmental programs such as the engineering and operation of Water & Wastewater systems and Waste Management, the latter of which encompasses Solid Waste Collection, Disposal and Recycling. Each of these services is provided on a "user pay" basis and is self-financing. Expenditures for all Environmental Services programs increased by $12.4 million from $70.5 million in 2006 to $82.9 million in 2007. The majority of this increase is due to the expenditures for Waste Disposal which was up by $6.9 million in 2007 to $12.6 million, offsetting a decrease of $5.5 million in 2006 which itself was due primarily to a $5.4 million adjustment to the Landfill liability. Meanwhile, services related to Wastewater and Other costs for Industrial/Commercial/Institution increased by $3.5 million and $1.8 million to totals of $30.2 million and $1.8 million respectively while Water increased $838 thousand to $15.7 million, Recycling increased by $143 thousand to $14.8 million and Waste Collection costs decreased by $829 thousand to $7.8 million.

Health Services

The Public Health Department offers a range of programs related to Health Services which includes Protection and Promotion, Disease and Injury Prevention and also oversees the Emergency Services Division (ESD) which encompasses both Land Ambulance (Paramedic) Services and Land Ambulance Communications (Dispatch) Services with total expenditures of $52.1 million. Expenditures to provide Health Related Services in 2007 amounted to $25.9 million or $1.5 million higher than 2006 while ESD required operating expenditures of $26.2 million, an increase of $2.3 million or 9.7%.

Social & Family Services – Social Housing

A wide range of important social services are provided to the Niagara community through the Department of Community Services. The cost of providing these programs in 2007 totaled $372.1 million for the year 2007, an increase of $21.3 million, but as a percentage of the Region's gross Operating Expenditures versus 2006, costs were down slightly from 55.1% to 54%. General Assistance, which includes Ontario Disability Support Program (ODSP), grew by 4.9% or $10.9 million to $233 million while operating expenditures for Child Care increased by $5.5 million to $31.1 million. Also, the Homes for the Aged increased by $4 million and Social Housing by $915 thousand respectively to add up to $64.7 million and $43.3 million.

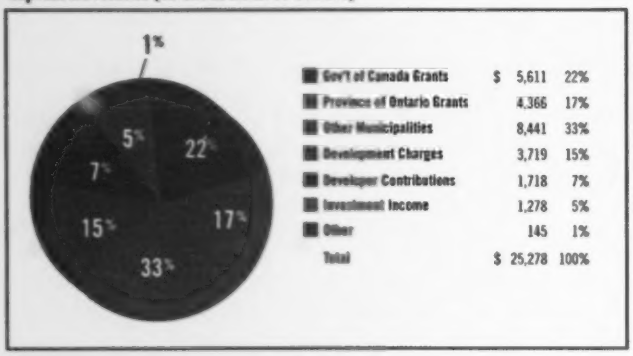
Current Financing Activities and Transfers

In 2007, Regional Government's Financing Activities of Total Revenues less Total Expenditures resulted in a net inflow into the Current Fund totalling $90.26 million versus an inflow of $101.6 million in 2006.

Other transactions in 2007 resulted in a net outflow of ($89.92 million) versus the 2006 outflow of ($100.97 million). The outflow included net transfers to other funds of ($69.1 million) and Debt Principal Payments of ($28.23 million). In addition there were adjustments to Employee benefits and other liabilities $5.64 million, Landfill Liability $1.94 million, and Change in non-financial assets of ($164 thousand). The resulting net change to the Current Fund balance based on 2007's net inflows and outflows was an overall increase of $345 thousand from the 2006 surplus balance of $919 thousand.

Report from the Treasurer

Capital Revenues (in thousands of dollars)



Gov't of Canada Grants	$ 5,611	22%
Province of Ontario Grants	4,366	17%
Other Municipalities	8,441	33%
Development Charges	3,719	15%
Developer Contributions	1,718	7%
Investment Income	1,278	5%
Other	145	1%
Total	$ 25,278	100%

Note: the totals for 2003 and 2004 have been restated to exclude Sources of Financing.

Net Current Operating Fund Balance

At the end of 2007, there was a net accumulated Current Fund surplus of $1.26 million.

2007 Capital Fund Operations

Capital Revenues

Capital projects are financed from a variety of different sources that change from year to year depending on the projects. In 2007, the Capital Operations revenues amounted to $25.3 million, a decrease of $15.4 million from the previous year largely due to significant decreases in capital-related Federal and Provincial Grants. This total consists specifically of Recoveries from Area Municipalities $8.44 million, Federal Grants $5.6 million, Provincial Grants $4.37 million, Development Charges $3.72 million, Developer Contributions of $1.72 million, Investment Income $1.28 million, Sale of Assets $126 thousand and Other Revenues $19 thousand.

Capital Expenditures (in thousands of dollars)

General Government	$ 1,195	1%
Protection to Persons & Property	6,830	7%
Transportation Services	25,898	28%
Environmental Services	52,209	56%
Health Services	2,169	2%
Social & Family Services	1,466	2%
Social Housing	2,870	3%
Planning & Development	336	1%
Total	$ 92,973	100%

Capital Expenditures

Capital investment allows for the maintenance of the current infrastructure and to provide for future requirements. In 2007, Capital Expenditures decreased 33.7% or $47.3 million versus last year to total $93.0 million for the year.

Public works projects maintain, upgrade and replace infrastructure for Transportation (Road Works) as well as for Environmental purposes (Wastewater Treatment, Water Production and Solid Waste Management). Environmental Services capital expenditures decreased $22.0 million versus the year before to an annual total of $52.2 million. Transportation Services projects totaled $25.9 million, a decrease of $1.9 million over 2006.

Capital expenditures for Protection to Persons and Property capital expenditures decreased by $2.9 million to a total of $6.83 million as did General Government which dropped by $21.4 million to $1.2 million as 2006 was impacted by building infrastructure needs in that year. The remaining $6.84 million, or 7.5% of total capital expenditures, was divided amongst Social Housing $2.87 million, Health Services $2.17 million, Social and Family Services amounted to $1.47 million while Planning and Development came in at $336 thousand.

Capital Financing Activities and Transfers

In 2007, Regional Government's Financing Activities of Total Revenues less Total Expenditures resulted in a net outflow from the Capital Fund totalling ($67.7 million) versus an outflow of ($99.6 million) in 2006.

Other transactions in 2007 resulted in a net inflow of $60.1 million versus the 2006 inflow of $139.6 million. The inflow included net transfers from other funds of $42.6 million for additional financing for capital. This amount was the result of a net inflow of funds obtained from Reserves & Reserve Funds (excluding Development Charges) of $39.5 million in addition to an inflow from the Revenue Fund for $3.1 million with the balance of the inflows being financed by way of Debt Issued and Assumed of $17.5 million. The resulting net change to the Capital Fund balance based on 2007's net inflows and outflows was an overall decrease of $7.6 million from the 2006 surplus balance of $40.0 million.

Net Capital Fund Balance

At the end of 2007, the Capital Fund had a net accumulated surplus of $32.4 million.

Debt Position

The Niagara Region's debt policies are governed by Provincial legislation and Regional Council's internal policies. The Province's prescribed annual repayment limit, stipulates that payments relating to all debt and all other long-term financial obligations of a municipality should not be greater than 25% of own source revenues which includes the annual tax levy and rate generated revenue. However, the Region's self-imposed Debt Management Policy requirements are more stringent and specify that total annual repayments relating to debenture debt and other long-term financial obligations can not exceed 20% of own source revenues. In

Report from the Treasurer

addition the Region's policy further establishes a threshold for tax supported debt repayments at 15% of the Regional tax levy.

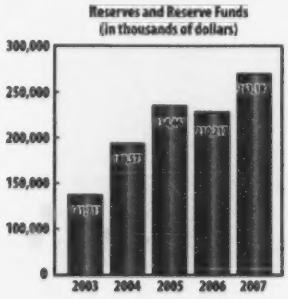
In 2007, Debt Charges including principal and interest totaled $38.43 million and at 8.0% of own source revenues equaling $483.1 million are well within both the Provincial and Regional requirements. Total outstanding debt at December 31, 2007 amounted to $191.7 million, a decrease of 5.3% over 2006. The overall increase of long-term liabilities was the net result of Long Term Debt Issued and Assumed of $17.5 million less the retirement of $28.2 million of Regional debt. Approximately 57.0% or $109.3 million of the outstanding debt relates to projects in Transportation ($80.4 million) and Environmental services ($28.9 million). The remaining outstanding debt is for projects in Social and Family Services ($30.53 million), General Government ($25.7 million), Protection to Persons and Property ($17.43 million), Social Housing ($4.4 million), Health Services ($2.8 million) and Planning and Development ($1.54 million).

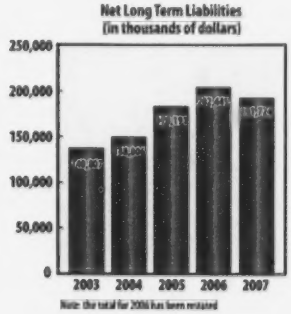
On July 11, 2007 the Region issued a debenture for $56.44 million which included the requirements for the Area Municipalities with all-in-costs of 5.17% and terms ranging from one to twenty years. The Regional component totaled $31.57 million the majority of which was issued to finance various Roads Works projects ($10.24 million), Buildings & Equipment ($7.2 million), Regional Police ($1.3 million), Niagara Regional Housing ($500 thousand), and Public Health ($240 thousand). As well, Community Services refinanced prior debt of ($12.09 million). Debt was also incurred on behalf of the Conservation Authority ($2.06 million). The remaining $22.81 million was issued on behalf of the area municipalities who, along with the Conservation Authority, are responsible for payment of both their applicable principal and interest charges.

Total Debt Charges paid in 2007 amounted to $38.4 million, up 20.3% from 2006. On a per capita basis, Total Debt per resident averages $442.

In 2007, the Region's credit was reaffirmed as "AA" rating by Standard and Poor's. This rating has been in place for the last 7 years and is a testament to the Region's overall financial strength.

Reserves and Reserve Funds





As of December 31, 2007, the Niagara Region's Reserve Funds balance was $206.3 million and Reserves equaled $56.8 million for a combined balance of $263.1 million. This represents a 14.3% increase over the previous year. Contributions to Reserves and Reserve Fund positions are a prudent, fiscally responsible method of building financial resources to ensure sufficient financial flexibility and to minimize fluctuations due to either anticipated or unexpected future liabilities as a result of changing requirements. In addition, they complement the Region's philosophy of maximizing the use of Current Funds to minimize the necessity for issuing debt.

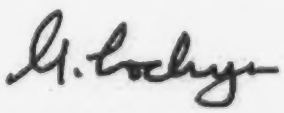
Overall in 2007 contributions to Reserve Funds totaling $63.65 million was derived from three sources. Current Fund Operations contributed $54.3 million, Capital contributed $2.85 million and $6.5 million was received from Investment Income. Transfers from Reserve Funds totaled $30.8 million and consisted of $26 million to Capital Projects and $4.8 million to Current. Thus, the net of contribution inflows of $63.65 million less outflows of $30.8 million resulted in a net annual increase in Reserve Funds of $32.85 million. With regards to Reserves, contributions totaled $30.8 million during the year while transfers from Reserves equaled $30.7 million for a net annual increase of $122 thousand.

A requirement of PSAB is that obligatory reserve funds be reported as Deferred Revenue. The largest component of Deferred Revenue is Development Charge Reserve Funds, which are collected from developers and are set aside to finance specific future infrastructure capital costs related to growth. In 2007, total receipts including investment income amounted to $10.1 million while transfers to capital amounted to $4.7 million, the majority of which were related to growth-related capital projects, for a net increase of $5.4 million. Thus, at the end of 2007 the total Deferred Revenue balance was $24.0 million consisting of $14.8 million in Available Development Charge, $7.8 million in Committed Development Charges and $1.4 million of other obligatory reserves.

Conclusion

The results of the 2007 operations are summarized in the following statements. The Regional Municipality of Niagara maintains careful monitoring of anticipated receipts and approved expenditures and its commitment to continuous improvement in financial policies and strategies has resulted in another successful year. This is supported by the fact that the Region's "AA" credit rating was reaffirmed in 2007 by Standard and Poor's Rating Service.

Gord Lockyer



Treasurer/Director Financial Management & Planning
May 1, 2008

Financial Statements of

THE REGIONAL MUNICIPALITY OF NIAGARA

Year ended December 31, 2006

THE REGIONAL MUNICIPALITY OF NIAGARA

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December 31, 2006

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AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
The Regional Municipality of Niagara

We have audited the consolidated statement of financial position of The Regional Municipality of Niagara as at December 31, 2007 and the consolidated statements of financial activities, financial activities operating fund, capital fund, reserves and reserve funds, and changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at December 31, 2007 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

St. Catharines, Canada
April 10, 2008

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006
(In thousands of dollars)

	2007	2006
Assets		
Financial assets:		
Cash	$ 13,250	$ 19,379
Investments (note 2)	316,901	265,107
Accounts receivable	54,470	66,324
Other current assets	2,394	2,000
Debt recoverable from others (note 6)	158,666	150,304
	545,681	503,114
Liabilities		
Financial liabilities:		
Accounts payable and accrued liabilities	70,143	67,240
Employee benefits and other liabilities (note 3)	64,303	58,665
Deferred revenue (note 4)	24,018	18,634
Landfill liability (note 5)	30,667	28,727
	189,131	173,266
Long-term liabilities (note 6)	350,390	352,753
	539,521	526,019
Net asset (debt)	6,160	(22,905)
Non-financial assets:		
Inventory	3,156	3,408
Prepaid expenses	851	763
	4,007	4,171
Net assets (liabilities)	$ 10,167	$ (18,734)
Municipal Position		
Fund balances at end of year:		
To be used to offset taxation or user charges	$ 1,264	$ 919
Unexpended capital financing (unfinanced capital outlay)	32,410	39,971
Reserves (note 7)	56,843	56,722
Reserve funds (note 7)	206,344	173,495
	296,861	271,107
Amounts to be recovered:		
From reserve and reserve funds for employee benefits	(48,149)	(45,573)
From reserve and reserve funds for landfill liability	(2,822)	(2,822)
From future revenues for employee benefits	(16,154)	(13,092)
From future revenues for future landfill closure costs	(27,845)	(25,905)
From future revenues for capital projects	(191,724)	(202,449)
	(286,694)	(289,841)
	$ 10,167	$ (18,734)

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for 2006
(In thousands of dollars)

	Budget	2007	2006
Revenues:			
Taxation and user charges:			
Requisitions on local governments	$ 287,928	$ 289,257	$ 278,735
User charges	174,629	174,470	167,281
	462,557	463,727	446,016
Grants:			
Government of Canada	9,572	14,112	18,163
Province of Ontario	290,822	289,962	278,904
Other municipalities	5,909	8,441	11,721
	306,303	312,515	308,788
Other:			
Development charges earned	8,495	3,719	6,374
Developer contributions	-	1,718	278
Investment income	4,537	14,777	10,934
Provincial offences	5,700	7,023	5,493
Sale of assets	-	126	905
Miscellaneous	1,163	5,407	5,268
	19,895	32,770	29,252
Total revenues	788,755	809,012	784,056
Expenditures:			
General government	29,394	21,735	40,449
Protection to persons and property	150,267	130,317	126,945
Transportation services	55,636	56,410	55,155
Environmental services	116,126	135,086	144,675
Health services	54,488	54,267	50,390
Social and family services	334,308	330,248	309,263
Social housing	47,602	46,191	44,482
Planning and development	6,663	5,693	5,517
Recreation and cultural services	-	-	228
	794,484	779,947	777,104
Net revenues (expenditures)	(5,729)	29,065	6,952
Debt issued	43,713	17,502	55,240
Debt principal repayments	(27,831)	(28,227)	(22,982)
Employee benefits and other liabilities	-	5,638	3,755
Landfill liability	-	1,940	(5,374)
Allowance for tax write-off	-	-	(1,318)
Change in amounts to be recovered	15,882	(3,147)	29,321
Change in non-financial assets	-	(164)	(33)
Change in fund balances	$ 10,153	$ 25,754	$ 36,240

The accompanying notes are an integral part of these financial statements.

Statement of Financial Activities - Operating Fund

Year ended December 31, 2007, with comparative figures for 2006
(In thousands of dollars)

	Budget	2007	2006
Revenues:			
Taxation and user charges:			
Requisitions on local governments	$ 287,928	$ 289,257	$ 278,735
User charges	174,629	174,470	167,281
	462,557	463,727	446,016
Grants:			
Government of Canada	8,528	8,501	8,670
Province of Ontario	290,647	285,596	267,601
	299,175	294,097	276,271
Other:			
Investment income	4,537	7,001	5,338
Provincial offences	5,700	7,023	5,493
Miscellaneous	1,163	5,388	5,219
	11,400	19,412	16,050
Total revenues	773,132	777,236	738,337
Expenditures:			
General government	22,010	20,540	17,888
Protection to persons and property	121,385	123,487	117,202
Transportation services	28,383	30,512	27,330
Environmental services	83,928	82,877	70,514
Health services	52,482	52,098	48,325
Social and family services	332,957	328,782	308,376
Social housing	44,613	43,321	42,406
Planning and development	5,158	5,357	4,514
Recreation and cultural services	-	-	228
Total expenditures	690,916	686,974	636,783
Net revenues	82,216	90,262	101,554
Debt principal payments	(27,831)	(28,227)	(22,982)
Employee benefits and other liabilities	-	5,638	3,755
Landfill liability	-	1,940	(5,374)
Allowance for tax write-off	-	-	(1,318)
Change in non-financial assets	-	(164)	(33)
Transfers to other funds	(54,385)	(69,104)	(75,021)
	(82,216)	(89,917)	(100,973)
Change in operating fund balance	-	345	581
Operating fund balance, beginning of year	919	919	338
Operating fund balance, end of year	$ 919	$ 1,264	$ 919

The accompanying notes are an integral part of these financial statements.

Statement of Financial Activities - Capital Fund

Year ended December 31, 2007, with comparative figures for 2006
(In thousands of dollars)

	Budget	2007	2006
Revenues:			
Grants:			
Government of Canada	$ 6,344	$ 5,611	$ 9,493
Province of Ontario	175	4,366	11,303
Other municipalities	5,909	8,441	11,721
	12,428	18,418	32,517
Other:			
Development charges earned	8,495	3,719	6,374
Developer contributions	-	1,718	278
Investment income	-	1,278	550
Sale of assets	-	126	905
Miscellaneous	-	19	49
	8,495	6,860	8,156
Total revenues	20,923	25,278	40,673
Expenditures:			
General government	7,384	1,195	22,561
Protection to persons and property	28,882	6,830	9,743
Transportation services	27,253	25,898	27,825
Environmental services	32,198	52,209	74,161
Health services	2,006	2,169	2,065
Social and family services	1,351	1,466	887
Social housing	2,989	2,870	2,076
Planning and development	1,505	336	1,003
Total expenditures	103,568	92,973	140,321
Net expenditures	(82,645)	(67,695)	(99,648)
Debt issued and assumed	43,713	17,502	55,240
Transfers from other funds	37,873	42,632	84,311
Change in capital fund balance	(1,059)	(7,561)	39,903
Capital fund balance, beginning of year	39,971	39,971	68
Capital fund balance, end of year	$ 38,912	$ 32,410	$ 39,971

The accompanying notes are an integral part of these financial statements.

Statement of Financial Activities – Reserves and Reserve Fund

Year ended December 31, 2007, with comparative figures for 2006
(In thousands of dollars)

	Budget	2007	2006
Revenues:			
Investment income	$ -	$ 6,498	$ 5,046
Transfers from (to) other funds	(46,767)	26,472	(9,290)
Change in reserve fund balance	(46,767)	32,970	(4,244)
Reserves and reserve fund balance, beginning of year (note 7)	230,217	230,217	234,461
Reserves and reserve fund balance, end of year (note 7)	$ 183,450	$ 263,187	$ 230,217

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Financial Position

December 31, 2007 with comparative figures for 2006
(In thousands of dollars)

	2007	2006
Operations:		
Net revenues	$ 29,065	$ 6,952
Sources and uses of cash:		
Accounts receivable	11,854	(7,781)
Other current assets	(394)	(48)
Accounts payable and accrued liabilities	2,903	5,282
Employee benefits and other liabilities	5,638	3,755
Deferred revenue	5,384	2,208
Landfill liability	1,940	(5,374)
	27,325	(1,958)
Net change in cash from operations	56,390	4,994
Investing:		
Investments	(51,794)	(38,430)
Financing:		
Debt issued and assumed	17,502	55,240
Long-term debt repaid	(28,227)	(22,982)
Net change in cash from financing	(10,725)	32,258
Net change in cash	(6,129)	(1,178)
Cash, beginning of year	19,379	20,557
Cash, end of year	$ 13,250	$ 19,379

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

1. Significant accounting policies:

The consolidated financial statements of The Regional Municipality of Niagara (the Region) are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Region are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Region and which are owned or controlled by the Region. These financial statements include:

Police Services Board
Niagara Regional Housing
Provincial Offences Act Operations

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Fund accounting:

Funds within the consolidated financial statements consist of current, capital, reserves and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the Region are not included in these financial statements but are report on separately on the Trust Funds Statement of Continuity and Balance Sheet.

(c) Accrued basis of accounting:

The Region follows the accrual method of accounting for revenues and expenditures. Revenues are normally recognized in the year in which they are earned. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services. The statements necessarily include some amounts that are based on management's best estimates and careful judgements.

(d) Investments:

Investments consist of bonds and money market notes and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

(e) Inventory:

Inventory is valued at the lower of cost and net realizable value.

(f) Capital assets:

Expenditures made on capital assets are reported as capital expenditures on the statement of financial activities in the period incurred.

(g) Reserves and reserve funds:

Certain amounts, as approved by Regional Council are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers received relate to social services, child care, housing and health programs. Government transfers paid relate to social services programs. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Deferred development revenue:

Deferred development revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(j) Investment income:

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charge reserve funds is added to the fund balance and forms part of the deferred development revenue balance.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

2. Investments:

Investments reported on the consolidated balance sheet have market values as follows:

	2007		2006	
	Cost	Market Value	Cost	Market Value
Investments	$ 316,901	$ 321,248	$ 265,107	$ 265,444

3. Employee benefits and other liabilities:

The Region provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees.

	2007	2006
Future payments required to WSIB	$ 17,380	$ 16,217
Accumulated Sick Leave Benefit Plan entitlements	17,158	16,998
Retiree benefits	17,092	15,712
Vacation pay	10,563	7,681
Other liabilities	2,110	2,057
Total	$ 64,303	$ 58,665

The Region has established reserve funds to mitigate the future impact of these obligations. Reserves relating to these liabilities are as follows:

	2007	2006
Workplace safety and insurance	$ 15,464	$ 14,772
Cumulative sick leave	4,219	4,082
Police accumulated sick leave	4,622	4,186
Future health and dental claims	3,664	3,069
Other PSAB liabilities	6,680	6,464
Contingency reserve designated by council	13,500	13,000
	$ 48,149	$ 45,573

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

3. Employee benefits and other liabilities (continued):

Information about the Region's benefit plans is as follows:

	2007	2006
Accrued benefit obligation:		
Balance, beginning of year	$ 70,389	$ 65,554
Current benefit cost	7,394	5,358
Interest	2,996	2,921
Actuarial loss	-	2,243
Benefits paid	(5,915)	(5,687)
Balance, end of year	74,864	70,389
Unamortized actuarial loss	(10,561)	(11,724)
Liability for benefits	$ 64,303	$ 58,665

Included in expenditures is $1,163 (2006 – $938) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan entitlements	12 years
Retiree benefits	15 years

The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

Accumulated sick leave

Under the accumulated sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Region's employment.

WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act the Region has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2007.

The main actuarial assumptions employed for the valuation are as follows:

a) Interest (discount rate):

The obligation as at December 31, 2007, of the present value of future liabilities and the expense for the 12 months ended December 31, 2007, were determined using a discount rate of 5%.

Notes to Consolidated Financial Statements

Year ended December 31, 2006
(In thousands of dollars)

3. Employee benefits and other liabilities (continued):

b) Administration costs:

Administration costs were assumed to be 28% of the compensation expense.

c) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 2.25% to 6.0% depending on the benefit type.

Retiree benefits

The Region pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age 65. The Region recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the 12 months ended December 31, 2007, were determined by actuarial valuation using a discount rate of 5%. The most recent actuarial valuation was performed as at December 31, 2005.

The main actuarial assumptions employed for the valuations are as follows:

a) Interest (discount rate):

The obligation as at December 31, 2007, of the present value of future liabilities and the expense for the 12 months ended December 31, 2007, were determined using a discount rate of 5%.

b) Medical costs:

Medical costs were assumed to increase at the rate of 8% per year reducing to 4% per year over 12 years and 4% per year thereafter.

c) Dental costs:

Dental costs were assumed to increase at the rate of 4% per year.

4. Deferred revenue:

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. The Region has obligatory development charge reserve funds in the amount of $24,018 (2006 - $18,634). These reserve funds are considered obligatory as Provincial legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

In the case of development charges, revenue recognition occurs after the funds have been collected and when The Region has approved the expenditures for the capital works for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to defray the cost of growth related capital projects associated with new development.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

4. Deferred revenue (continued):

The deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	2007	2006
Balance, beginning of year:		
Deferred development charges	$ 18,495	$ 13,733
Other obligatory reserves	139	2,693
	18,634	16,426
Contributions from capital	954	2,472
Contributions from revenue	476	-
Contribution from development charges act	8,149	8,157
Interest earned	485	425
Total revenue	10,064	11,054
Transfers to capital	(4,673)	(8,846)
Transfers to revenue	(7)	-
Total transfers	(4,680)	(8,846)
Balance, end of year	$ 24,018	$ 18,634
Available development charges	$ 14,815	$ 16,023
Committed development charges	7,793	2,472
Other obligatory reserves	1,410	139
Balance, end of year	$ 24,018	$ 18,634

5. Landfill liability:

The Region owns and operates a number of landfill sites. As well, they own and monitor several landfill sites which have been closed. The liability for closure of operational sites and post-closure care has been recognized based upon the usage of the site's capacity during the year. The costs were based upon the 2007 budget and inflation adjusted at 3% per annum to the estimated year of closure. These costs were then discounted to December 31, 2007 using a discount rate of 5.5%. Post-closure care is estimated to be required for 25 years from the date of site closure.

The liability for closure and post-closure care as at December 31, 2007 is $30,667 (2006 - $28,727). Estimated expenditures for closure and post-closure care are $46,346 (2006 - $42,738). The liability remaining to be recognized is $4,365 (2006 - $4,144). It is estimated that the life of the sites range from 1 to 40 years.

Included in reserve funds is $2,822 (2006 - $2,822) for settling closure and post-closure care liabilities.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

6. Net long-term liabilities:

(a) In addition to long-term liabilities incurred directly, the Region has assumed the responsibility for the charges on debt originally incurred by local municipalities in respect of functions which are now a Regional responsibility.

As well as incurring long-term liabilities for Regional purposes, the Region also incurs long-term liabilities on behalf of the Area Municipalities. The responsibility for raising the amounts required to service this debt lies with the respective Area Municipalities.

The balance of net long-term liabilities reported on the consolidated balance sheet is made up of the following:

	2007	2006
Long-term liabilities incurred by the Region (including capital lease)	$ 347,971	$ 350,029
Long-term liabilities assumed by the Region incurred by others	2,419	2,724
Long-term liabilities	350,390	352,753
Debt recoverable from others (long-term liabilities incurred by the Region for which other entities have assumed responsibility)	(158,666)	(150,304)
Net long-term liabilities, end of year	$ 191,724	$ 202,449

(b) The long-term liabilities in (a) issued in the name of the Region have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(c) The Region is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance and for those for which the responsibility for the payment of principal and interest has been assumed by area municipalities and school boards. The total amount outstanding as at December 31, 2007 is $ 158,666 (2006 - $150,304) and is reported on the consolidated balance sheet as debt recoverable from others.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

6. Net long-term liabilities (continued):

(d) Certain principal payments due on the net long-term liabilities do not represent a burden on general Regional revenue, as they are to be recovered in future years from other sources. The total principal payments for the periods 2008 to 2012, 2013 to 2017 and 2018 and thereafter and the source of financing are summarized as follows:

	2008 to 2012	2013 to 2017	2018 and thereafter	Total
From general municipal revenues	$ 110,211	$ 61,021	$ 20,492	$ 191,724

(e) Total interest on net long-term liabilities which are reported on the consolidated statement of financial activities amounted to $10,205 in 2007 (2006 - $8,973). The long-term liabilities bear interest at rates ranging from 3.00% to 9.59%. The interest on long-term liabilities assumed by the municipalities and school boards or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these financial statements.

(f) Capital lease liability:

Year ending December 31:	
2008	47
2009	47
2010	47
2011	8
	149
Less amount representing interest at 10.1%	26
Present value of net minimum capital lease payments	$ 123

Interest of $15 (2006 - $15) relating to capital lease obligations has been included in expenditures on the consolidated statement of financial activities.

(g) The Region has purchased $32,566 (2006 - $23,566) of its own debentures which have not been cancelled. This investment in own debentures is included in investments on the consolidated statement of financial position. The gross outstanding amount of these debentures is $110,481 (2006 - $105,658).

7. Reserves and reserve funds:

(a) Reserve transfers:

The balance available for the general reduction of taxation for the fiscal year ending December 31, 2007 has been adjusted by an amount of $16,034 (2006 - $17,565) transferred to reserves and reserve funds as authorized by the Council in April, 2008. Had these adjustments not been made the equity to be used to offset taxation or user charges would have been $17,298 (2006 - $18,484).

Notes to Consolidated Financial Statements

Year ended December 31, 2007 (In thousands of dollars)

7. Reserves and reserve funds (continued):

(b) Reserves and reserve funds:

The total balances of reserves and reserve funds of $56,843 (2006 - $56,722) and $206,344 (2006 - $173,495) respectively are made up of the following:

	2007	2006
Reserves set aside by Council:		
Working funds	$ 7,543	$ 9,351
Contingencies	14,542	13,955
General property acquisition	903	903
Building standards	1,364	1,970
General capital levy	16,827	17,172
Encumbrance	805	665
Tax write-off	5,000	5,000
Tax rate stabilization	3,350	3,350
Early retirement incentives	402	402
Winter maintenance	1,434	934
Communications strategy	40	40
Local service re-alignment	584	584
Telecommunications	193	193
Senior stabilization	213	213
Land ambulance severance	2,331	1,944
Mapping infrastructure	81	46
Ontario Police Video Training Alliance	31	-
Potential Hospital Contribution	1,200	-
Total reserves	56,843	56,722
Reserve funds set aside for specific purpose by Council, legislation, regulation or agreement:		
Replacement of equipment	7,266	7,569
Welland Canal crossing	140	135
Health services - Wallington fund	44	43
Capital works - wastewater operations	60,022	38,349
Capital works - water operations	59,995	54,348
Roads maintenance	425	135
Workplace safety and insurance	15,464	14,772
Accumulated sick leave	4,219	4,082
Police accumulated sick leave	4,622	4,186
Public liability self insurance	2,201	2,790
Future health and dental claims	3,664	3,069
OMERS surplus	14	13
Judicial review	24	23
Seniors capital	1,716	1,254
Waste management	20,199	17,158
Social Assistance	5,925	5,733
Other PSAB liabilities	6,680	6,464
Niagara Regional Housing purposes	10,092	9,765
Niagara Regional Housing owned units	2,844	2,845
Children Services	690	668
Debt retirement	98	94
Total reserve funds	206,344	173,495
	$ 263,187	$ 230,217

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

8. Trust funds:

Trust funds administered by the Region amounting to $1,324 (2006 - $1,267) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

9. Pension agreements:

The Region makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 3,146 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions are being made at rates of 6.5% and 9.6%.

The amount contributed to OMERS for 2007 was $14,323 (2006 - $13,658) for current service and is included as an expenditure on the consolidated statement of financial activities. Employees' contribution to OMERS in 2007 was $14,323 (2006 - $13,658).

10. Commitments:

(a) The Region has outstanding contractual obligations of approximately $31,227 (2006 - $64,324) for housing redevelopments, capital works, solid waste projects and high speed telecommunications. Regional Council has authorized the financing of these obligations.

(b) The Region is committed to paying principal and interest payments on provincial debentures issued to finance the properties transferred to Niagara Housing Corporation from Ontario Housing Corporation. The debentures are outstanding in the amount of $26,160 (2006 - $27,255). Annual payments of $2,846 (2006 - $2,867) and have been charged to current operations.

(c) Minimum annual lease payments:

The Region rents premises and equipment with minimum annual lease payments as follows:

2008	$ 1,930
2009	1,441
2010	959
2011	643
2012	553
Thereafter	4,363
	$ 9,889

11. Contingent liabilities:

From time to time, the Region is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Region's insurance up to a maximum of $15,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

12. Classification of expenditure by object:

The Schedule of Operating Fund Activities represents the expenditures by function, the following classifies those same expenditures by object:

	Budget	2007	2006
Salaries, wages and employee benefits	$ 259,222	$ 264,536	$ 249,981
Operating materials and supplies	102,504	98,829	83,246
Contracted services	70,848	77,024	68,653
Rents and financial expenses	13,397	14,313	13,528
External transfers to others	233,903	222,067	212,404
Debt services	11,042	10,205	8,971
Total expenditures by object	$ 690,916	$ 686,974	$ 636,783

13. Public liability insurance:

The Region has undertaken a portion of the risk for public liability, as a means of achieving efficient and cost effective risk management. The Region is self insured for public liability claims up to $1,000 for any individual claim and $1,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these amounts up to $15,000 per occurrence.

The Region has a reserve fund for allocated self insurance claims which as at December 31, 2007 amounted to $2,201 (2006 - $2,790) and which is reported on the consolidated statement of financial position under reserve funds. An amount of $20 (2006 - $220) has been transferred to this reserve fund in the current year. An amount of $703 (2006 - $nil) has been transferred from this reserve fund in the current year.

Payments charged against operations in the current year amounted to $791 (2006 - $702). Interest amounted to $94 (2006 - $51).

14. Employee benefit plans:

The Region provides a group health and dental plan for certain employees and has assumed the full liability for payment of benefits under this plan.

Payments charged against operations in the current year amounted to $11,732 (2006 - $11,419).

Notes to Consolidated Financial Statements

Year ended December 31, 2007 (In thousands of dollars)

15. Government transfers:

The Region recognizes the transfer of government funding as expenditures or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Schedule of Current Operations are:

	2007	2006
Revenue:		
Ontario grants		
Ontario works:		
Social assistance	$ 179,331	$ 171,021
Services for seniors	36,541	34,716
	215,872	205,737
Child care	22,461	19,299
Social housing	1,655	1,449
Health services:		
Public Health	17,192	14,326
Ambulance	14,338	12,311
	31,530	26,637
Other:		
Ontario Municipal Partnership Fund (OMPF)	8,335	9,206
Roadways	3,151	8,229
Police	3,025	3,025
Miscellaneous	3,933	5,322
	18,444	25,782
Subtotal Ontario grants	289,962	278,904
Federal grants:		
Housing	9,456	9,489
Gas tax	4,567	8,006
Social Assistance	82	225
Miscellaneous	7	443
Subtotal federal grants	14,112	18,163
Total revenues	$ 304,074	$ 297,067
Expenditures:		
Ontario works	$ 215,070	$ 204,875
Conservation authorities	3,475	3,165
Miscellaneous	3,522	4,364
Total expenditures	$ 222,067	$ 212,404

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

16. Child Care – Day Nurseries Act ("DNA") and Child and Family Services Act ("CFSA") of the Ministry of Community and Social Services ("MCSS"):

The Region has a CFSA service approval with the Ministry of Community and Social Services. One requirement of the CFSA and DNA service approval is the production by management of an Annual Program Expenditure Reconciliation report (APER) which shows a summary by service of expenditures, subsidy, less agency payments resulting in recoverable surpluses that relate to the CFSA and DNA service approval.

Based on this review and reconciliation there is a settlement due to the Ministry of $54 for the Community Services Department.

	Lessor of eligible expenditures and Provincial subsidy	Payments received from Province	Surplus (recoverable)
Year ended December 31, 2006			
Community Services Department:			
Systems administration	$ 483	$ 483	$ -
DNA Childcare	9,452	9,243	209
Ontario Works Childcare	1,344	1,740	(396)
Special needs resourcing	1,613	1,308	305
Resource Centres	570	617	(47)
Early literacy	125	142	(17)
Wage Subsidy	3,911	3,911	-
Best Start	1,800	1,800	-

17. Tangible Capital Assets:

Transitional Provisions

Effective January 1, 2007, the Region adopted Accounting Guideline (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009. These provisions require local government to capitalize assets at historical cost and amortize these assets over their estimated useful life.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

17. Tangible Capital Assets (continued):

The Region has inventoried and valued the majority of its tangible capital assets as of December 31, 2005, the following asset categories (General and Infrastructure):

	Cost	Net book value
General		
Land	$ 11,091,359	$ 11,091,359
Landfill	7,340,378	4,766,883
Land improvements	11,549,851	4,949,980
Building and building improvements	110,297,849	87,451,029
Vehicles	14,001,252	6,591,004
Machinery and equipment	38,011,146	21,136,623
Infrastructure		
Land	136,927,448	136,927,448
Land improvements	17,708,640	5,658,269
Building and building improvements	272,871,876	158,856,762
Machinery and equipment	229,440,205	64,524,798
Water and wastewater systems	151,155,197	114,193,270
Roads	392,110,963	226,150,014
	$ 1,392,506,164	$ 842,297,439

Assets categories that are known to exist as of December 31, 2005 that have not been included in the table above, include the assets of Niagara Regional Housing, Niagara Regional Police, Guide Rails, Retaining Walls, Storm Sewers and Community Services Equipment. A complete listing and values of assets is expected to be completed by December 31, 2008. The Region is expecting to be fully compliant with PSG-7 by December 31, 2008.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Region applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Engineering News Record was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost.

The Region has prepared a draft accounting policy for tangible capital assets and is in the process of reviewing and approving this policy. The approval of this policy will be completed in adequate time to allow for recognition of the Region's tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2008.

Notes to Consolidated Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

Amortization

Amortization has been calculated on a straight-line basis over the asset's expected useful life for all classes except land and landfill sites. Land has been considered to have an infinite life. Landfill sites are amortized based on units of production (the capacity used during the year).

Assets Under Construction

Assets under construction as of December 31, 2005 have not been disclosed as these assets have not been audited.

Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

Works of Art and Historical Treasures

No works of arts or historical treasures have been recorded in the Region's inventory of tangible capital assets as of December 31, 2005.

Interest Capitalization

The Region's draft tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset.

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

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AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
The Regional Municipality of Niagara

We have audited the balance sheet of the trust funds of The Regional Municipality of Niagara as at December 31, 2007 and the trust funds statement of continuity for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Region as at December 31, 2007 and the continuity of trust funds for the year then ended in accordance with the Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

KPMG LLP

St. Catharines, Canada
April 10, 2008

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

Trust Funds Balance Sheet

Year ended December 31, 2007 (In thousands of dollars)

	Total	Residents' Trust Accounts	Trust Funds Retained for Residents	Donated Surplus
Assets				
Cash	$ 453	$ -	$ 251	$ 202
Investments (note 1(b))	1,050	880	-	170
	$ 1,503	$ 880	$ 251	$ 372
Liabilities and Fund Balances				
Due to Regional Municipality of Niagara (note 2)	$ 179	$ 179	$ -	$ -
Fund balance	1,324	701	251	372
	$ 1,503	$ 880	$ 251	$ 372

Trust Funds Statement of Continuity

Year ended December 31, 2007 (In thousands of dollars)

	Total	Residents' Trust Accounts	Trust Funds Retained for Residents	Donated Surplus
Balance, beginning of year	$ 1,267	$ 741	$ 243	$ 283
Add:				
Residents' deposits, net	1,354	1,354	-	-
Interest earned	52	27	12	13
Donations	313	-	41	272
	1,719	1,381	53	285
Deduct:				
Residents' withdrawals, net	1,421	1,421	-	-
Expenditures for the benefit of residents	241	-	45	196
	1,662	1,421	45	196
Balance, end of year	$ 1,324	$ 701	$ 251	$ 372

The accompanying notes are an integral part of these financial statements.

Notes to Trust Funds Financial Statements

Year ended December 31, 2007
(In thousands of dollars)

1. Significant accounting policies:

The financial statements of trust funds of The Regional Municipality of Niagara are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) Basis of accounting:

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable, expenditures are recognized as they are incurred and become measurable.

(b) Investments:

The investments totalling $1,051 recorded on the balance sheet at cost, have a market value of $1,052.

2. Due to The Regional Municipality of Niagara:

The amount due to The Regional Municipality of Niagara has no fixed terms of repayment and interest is calculated monthly using the bank interest rate.

Statistics Section

07
statistics

- Five Year Statistical Review

FIVE YEAR STATISTICAL REVIEW

(UNAUDITED - in thousands of dollars)

	2007	2006	2005	2004	2003
STATISTICS					
Population (a)	433,946	435,125	434,347	432,565	429,949
Number of households (b)	185,502	183,334	181,524	179,738	177,130
Number of continuous full-time employees	3,270	3,234	3,036	2,833	2,817
Unemployment Rates (c):					
Niagara	6.8%	6.4%	7.0%	7.4%	6.7%
Ontario	6.4%	6.3%	6.6%	6.8%	7.0%
Canada	6.0%	6.3%	6.8%	7.2%	7.6%
Average Monthly Ontario Works Caseloads	7,242	7,038	6,967	6,849	6,737
Housing Starts (d)	1,149	1,294	1,412	1,781	1,444
Annual Disposal of Residential Solid Waste (Metric Tonnes)	120,911	112,554	107,015	105,193	107,362
Annual Diversion of Residential Solid Waste (Metric Tonnes)	85,331	87,188	84,956	79,388	68,636
Annual Supply of Treated Water (000 m3)	67,993	66,411	74,535	70,738	72,116
Annual Wastewater Flows (000 m3)	76,789	87,011	90,887	90,320	88,53
BUILDING PERMIT VALUES (5000's)					
Agricultural & Residential	326,128	343,026	325,361	373,750	319,247
Business & Commercial	186,457	105,853	121,772	169,990	118,962
Industrial	41,823	54,613	27,026	30,846	27,213
Government & Institutional	22,691	74,725	85,646	34,246	106,940
TOTAL	577,099	578,217	559,805	608,832	572,362
TAX LEVY & COLLECTION EXPERIENCES ($)					
Current Tax Levy	n/a	678,007,310	656,322,239	632,764,906	603,831,142
Current Tax Levy Collections	n/a	631,716,114	614,990,062	592,293,725	562,529,154
Current Collection as a % of Current Levy	n/a	93.2%	93.7%	93.6%	93.2%
Total Collections	n/a	678,319,192	654,688,878	628,521,157	595,900,9559
Total Collections as a % of Current Levy	n/a	100.0%	99.8%	99.3%	98.7%
Total Tax Arrears	n/a	52,874,495	60,236,319	61,906,630	61,158,067
Tax Arrears as a % of Current Levy	n/a	7.8%	9.2%	9.8%	10.1%
Regional Government Tax Levy Change (Net of Assessment Increase)	0.04%	1.97%	3.9%	4.3%	4.9%
TAXABLE ASSESSMENT (Taxable assessment upon which the year's rates of taxation were set)					
Residential and farm	29,286,154	28,878,103	24,535,693	24,165,397	22,011,553
Commercial, industrial and business	5,143,012	5,069,562	4,626,946	4,488,342	4,321,967
TOTAL	34,429,166	33,947,665	29,162,639	28,653,739	26,333,520
Per household	157,875	157,516	135,165	134,448	124,268
Commercial, industrial, business as a % of taxable assessment	14.9%	14.9%	15.9%	15.7%	16.4%

Source:

(a) Statistics Canada Preliminary Estimate (b) Ontario Assessment System, Household Counts for Unconditional Grants Act
(c) Statistics Canada, Cat. No. 71-001PIB (d) CMHC Canadian Housing Observer

FIVE YEAR STATISTICAL REVIEW

(UNAUDITED - in thousands of dollars)

	2007	2006	2005	2004	2003
CURRENT (OPERATING) FUND OPERATIONS					
Current (Operating) Fund Surplus (deficit), beginning of year	919	338	930	2,285	(2,104)
Current Fund Revenues by Source					
Property Taxpayer (e)	289,257	278,735	273,994	247,322	232,037
Sewer Charges	55,293	53,461	52,388	49,501	45,019
Water Charges	35,418	31,943	32,776	28,353	26,208
Waste Management	39,562	39,264	36,409	35,969	32,058
User Charges	44,197	42,613	40,342	39,117	37,615
Government of Canada Grants	8,501	8,670	8,585	8,694	8,618
Province of Ontario Grants	285,596	267,601	251,780	228,032	220,842
Investment Income	7,001	5,338	5,512	5,076	4,275
Provincial Offences Act	7,023	5,493	5,644	6,485	5,935
Miscellaneous income	5,388	5,219	3,971	4,699	3,761
Total Current Fund Revenues	777,236	738,337	711,401	653,248	616,368
Current Fund Expenditures by Function					
General Government (e)	20,540	17,888	18,380	16,950	14,058
Protection to Persons and Property	123,487	117,202	107,037	102,532	95,804
Transportation Services	30,512	27,330	28,324	26,459	27,594
Environmental Services	82,877	70,514	72,671	68,355	60,617
Health Services	52,098	48,325	44,387	38,397	35,700
Social and Family Services	328,782	308,376	48,325	44,387	38,397
Social Housing	43,321	42,406	40,352	39,979	39,571
Planning and Development	5,357	4,514	4,366	3,745	3,433
Recreation and Cultural Services	0	228	143	194	250
Total Current Fund Expenditures by Function	686,974	636,783	609,869	578,480	549,014
Financing Activities and Transfers					
Debt Principal Payments	(28,227)	(22,982)	(20,578)	(22,785)	(21,495)
Employee Benefits and Other Liabilities	5,638	3,755	930	2,090	1,016
Landfill Liability	1,940	(5,374)	2,660	(579)	595
Allowance for Tax Write-off	0	(1,318)	1,318	-	-
Change in Non-Financial Assets	(164)	(33)	133	(637)	810
Net Transfers to/from other funds					
- Capital Fund	(1,045)	(471)	(1,375)	493	(64)
- Reserves and Reserve Funds	(68,059)	(74,550)	(85,212)	(54,705)	(43,827)
Total Current Fund Financing Activities and Transfers	(89,917)	(100,973)	(102,124)	(76,123)	(62,965)
Current (Operating) Fund Surplus/(deficit) end of the year	1,264	919	338	930	2,285
Analysis of Current Fund Expenditures by Object					
Salaries, Wages and Employee Benefits	264,536	249,981	232,019	211,103	187,930
Materials and Supplies	98,829	83,246	231,502	221,084	214,711
Contracted Services	77,024	68,653	64,928	71,151	71,978
Rents and Financial Expenses (e)	14,313	13,528	14,165	8,181	7,924
External Transfers to Others	222,067	212,404	58,867	58,884	58,630
Debt Service Charges for Net Long Term Liabilities	10,205	8,971	8,388	8,077	7,841
Total Current Fund Expenditures by Object	686,974	636,783	609,869	578,480	549,014

Note: (e) Property Tax Revenue, General Government Expenditure and Rents and Financial Expenses all restated for 2005 by $1.318 million

FIVE YEAR STATISTICAL REVIEW

(UNAUDITED - in thousands of dollars)

	2007	2006	2005	2004	2003
CAPITAL FUND OPERATIONS					
Capital Fund Surplus/(deficit), beginning of year	39,971	68	(603)	40,649	42,289
Capital Fund Revenues by Source					
Government of Canada Grants	5,611	9,493	1,044	1,044	1,044
Province of Ontario Grants	4,366	11,303	2,936	14,097	4,468
Other Municipalities	8,441	11,721	13,178	7,395	12,002
Development Charges	3,719	6,374	5,982	7,000	5,920
Developer Contributions	1,718	278	1,285	0	0
Investment Income	1,278	550	349	309	978
Other	145	954	1,327	2,873	3,467
Total Capital Fund Revenues	25,278	40,673	26,101	32,718	27,879
Capital Fund Expenditures by Function					
General Government	1,195	22,561	9,558	5,851	6,821
Protection to Persons and Property	6,830	9,743	7,034	2,453	3,563
Transportation Services	25,898	27,825	26,865	30,363	36,763
Environmental Services	52,209	74,161	55,985	65,652	36,429
Health Services	2,169	2,065	2,321	1,691	2,400
Social and Family Services	1,466	887	3,280	3,734	15,292
Social Housing	2,870	2,076	2,710	2,174	2,093
Planning and Development	336	1,003	1,776	841	544
Total Capital Fund Expenditures by Function	92,973	140,321	109,529	112,759	103,905
Financing Activities and Transfers					
Long Term Debt Issued and Assumed	17,502	55,240	41,963	30,784	31,878
Net Transfers to/from Other Funds					
- Current Fund	3,091	2,257	1,375	1,899	2,228
- Reserves and Reserve Funds	39,541	82,054	40,761	6,106	40,280
Total Capital Fund Financing Activities and Transfers	60,134	139,551	84,099	38,789	74,386
Capital Fund Surplus/(deficit), end of the year	32,410	39,971	68	(603)	40,649
ANALYSIS OF CAPITAL FUND EXPENDITURES BY OBJECT (F)					
Administration	3,700	1,905	2,228	2,698	2,617
Equipment	9,009	7,393	9,023	10,005	12,704
Real Property	2,962	2,044	5,599	1,883	6,644
Materials and Supplies	1,383	1,801	2,071	2,203	2,677
Utilities	740	633	1,914	1,306	1,520
Contracted Services	76,418	126,613	88,016	95,736	78,008
External Transfers to Others	(1,239)	(540)	(632)	(539)	(310)
Operation Fund Transfer	-	472	1,310	(533)	45
Total Capital Fund Expenditures by Object	92,973	140,321	109,529	112,759	103,905
FUND BALANCES					
Current Fund	1,264	919	338	930	2,285
Capital Fund	32,410	39,971	68	(603)	40,649
Reserves	56,843	56,722	45,841	30,741	24,051
Reserve Funds (Excludes Development Charges)	206,344	173,495	188,620	157,832	117,662
Fund Balances, end of year	296,861	271,107	234,867	188,900	184,647
NET LONG TERM LIABILITIES					
General Municipal Activities - Capital Projects	191,724	202,449	170,191	148,806	140,807
Per capita ($)	442	442	392	344	327
Percentage of taxable assessment	0.6%	0.6%	0.6%	0.5%	0.5%

Notes: (f) Capital Fund Expenditures by Object now provided for years 2002 to 2006

FIVE YEAR STATISTICAL REVIEW (UNAUDITED - in thousands of dollars)

	2007	2006	2005	2004	2003
DEBT CHARGES FOR NET LONG-TERM LIABILITIES					
General Municipal Activities	38,432	31,953	28,900	30,886	29,074
Per capita ($)	89	73	67	71	68
GENERAL LONG-TERM DEBT CHARGES AS % OF TOTAL GENERAL EXPENDITURES (g)					
Percentage of Debt to General Expenditures	4.9%	4.1%	4.0%	4.5%	4.5%
TOTAL CONSOLIDATED FUND REVENUES BY SOURCE (h)					
Property Taxpayer	289,257	278,735	273,994	247,322	232,037
Sewer Charges	55,293	53,461	52,388	49,501	45,019
Water Charges	35,418	31,943	32,776	28,353	26,208
Waste Management	39,562	39,264	36,409	35,969	32,058
User Charges	44,197	42,613	40,342	39,117	37,615
Government of Canada Grants	14,112	18,163	9,629	9,738	9,662
Province of Ontario Grants	289,962	278,904	254,716	242,129	225,310
Other Municipalities	8,441	11,721	13,178	7,395	12,002
Development Charges	3,719	6,374	5,982	7,000	5,920
Developer Contributions	1,718	278	1,285	0	0
Investment Income	14,777	5,888	5,861	5,385	5,253
Provincial Offences Act	7,023	5,493	5,644	6,485	5,935
Miscellaneous income/Other	5,533	6,173	5,298	7,572	7,228
Total Consolidated Fund Revenues by Source	809,012	784,056	737,502	685,966	644,247
TOTAL CONSOLIDATED FUND EXPENDITURES BY FUNCTION (h)					
General Government	21,735	40,449	27,938	22,801	20,879
Protection to Persons and Property	130,317	126,945	114,071	104,985	99,367
Transportation Services	56,410	55,155	55,189	56,822	64,357
Environmental Services	135,086	144,675	128,656	134,007	97,046
Health Services	54,267	50,390	46,708	40,088	38,100
Social and Family Services	330,248	309,263	297,489	285,603	287,279
Social Housing	46,191	44,482	43,062	42,153	41,664
Planning and Development	5,693	5,517	6,142	4,586	3,977
Recreation and Cultural Services	0	228	143	194	250
Total Consolidated Fund Expenditures by Function	779,947	777,104	719,398	691,239	652,919
TOTAL CONSOLIDATED FUND EXPENDITURES BY OBJECT (h)					
Salaries, Wages and Employee Benefits	264,536	249,981	232,019	211,103	187,930
Administration	3,700	1,905	2,228	2,698	2,617
Equipment	9,009	7,393	9,023	10,005	12,704
Real Property	2,962	2,044	5,599	1,883	6,644
Materials and Supplies	100,212	85,047	233,573	223,287	217,388
Utilities	740	633	1,914	1,306	1,520
Contracted Services	153,442	195,266	152,944	166,887	149,986
Rents and Financial Expenses	14,313	13,528	14,165	8,181	7,924
External Transfers to Others	220,828	211,864	58,235	58,345	58,320
Operation Fund Transfer	0	472	1,310	(533)	45
Debt Service Charges for Net Long Term Liabilities	10,205	8,971	8,388	8,077	7,841
Total Consolidated Fund Expenditures by Object	779,947	777,104	719,398	691,239	652,919

Notes: (g) General Long-Term Det Charges as % of Total General Expenditures now provided for years 2002 to 2006
(h) Total Consolidated Revenues by Source, Expenditures by Function and Expenditures by Object now provided for years 2002 to 2006

FIVE YEAR STATISTICAL REVIEW (UNAUDITED - in thousands of dollars)

	2007	2006	2005	2004	2003
ANNUAL REPAYMENT LIMIT (i)					
Annual Repayment Limit	82,289	68,400	61,658	63,711	61,565

Notes: (i) The annual repayment limit is calculated at 25% the municipality's own source revenue less net debt charges.

Niagara Region

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